

I certify that the attached is a true and correct copy of HB 362 which was filed of record on JAN 11 1989 and referred to the committee on:

Business & Commerce

*Betty Murray*

Chief Clerk of the House

1989 FEB .2 PM 12:36

HOUSE OF REPRESENTATIVES

By Williamson

FILED JAN 11 1989

H.B. No. 362

A BILL TO BE ENTITLED

AN ACT

relating to the commercialization of new and improved products; creating the product development commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Texas Department of Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) is amended by adding Article 18 to read as follows:

ARTICLE 18. PRODUCT COMMERCIALIZATION

Sec. 18.001. DEFINITIONS. In this article:

(1) "Advisory board" means the Product Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 18.002. ADMINISTRATION. The department shall establish an Office of Advanced Technology to implement this article as directed by the board.

Sec. 18.003. FUND. (a) The product commercialization fund is a fund in the state treasury. The fund consists of appropriations, transfers, loan payments, interest, gifts, donations, and any other money received under this article.

(b) Money in the fund may be used only for making loans under this article. The money may not be used for administrative expenses.

Sec. 18.004. LOANS. (a) The office may make loans to

1 finance the commercialization of new or improved products or  
2 processes for which financing is not reasonably available from  
3 private sources.

4 (b) The board shall adopt rules establishing limits on the  
5 amount of each loan and otherwise governing the terms and  
6 conditions of the loans.

7 (c) An application for a loan must be in the form prescribed  
8 by the office.

9 Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
10 may be made under this article only to finance a project approved  
11 by the advisory board.

12 (b) In determining eligible projects the advisory board  
13 shall give preference to projects that have the greatest likelihood  
14 of commercial success and that have the potential to create or  
15 retain the most jobs in the state. The advisory board shall give  
16 special consideration to loans to grantees under the small business  
17 innovation research program under 15 U.S.C. Section 638.

18 Sec. 18.006. ADVISORY BOARD. (a) The Product  
19 Commercialization Advisory Board is composed of:

20 (1) one member of the Texas Higher Education  
21 Coordinating Board selected by the Texas Higher Education  
22 Coordinating Board;

23 (2) four persons appointed by the governor;

24 (3) one person appointed by the lieutenant governor;

25 and

26 (4) one person appointed by the speaker of the house  
27 of representatives.

1       (b) In appointing members of the advisory board the  
2 governor, lieutenant governor, and speaker of the house of  
3 representatives shall give preference to persons having business  
4 leadership experience.

5       (c) Members appointed by the governor, lieutenant governor,  
6 and speaker of the house of representatives serve two-year  
7 staggered terms with the terms of three members expiring February 1  
8 of each odd-numbered year and the terms of three members expiring  
9 February 1 of each even-numbered year.

10       (d) The governor shall appoint the advisory board's chairman  
11 from among its members.

12       SECTION 2. Chapter 481, Government Code, is amended by  
13 adding Subchapter S to read as follows:

14               SUBCHAPTER S. PRODUCT COMMERCIALIZATION

15       Sec. 481.271. DEFINITIONS. In this subchapter:

16               (1) "Advisory board" means the Product  
17 Commercialization Advisory Board.

18               (2) "Fund" means the product commercialization fund.

19               (3) "Office" means the Office of Advanced Technology.

20       Sec. 481.272. ADMINISTRATION. The department shall  
21 establish an Office of Advanced Technology to implement this  
22 subchapter as directed by the board.

23       Sec. 481.273. FUND. (a) The product commercialization fund  
24 is a fund in the state treasury. The fund consists of  
25 appropriations, transfers, loan payments, interest, gifts,  
26 donations, and any other money received under this subchapter.

27       (b) Money in the fund may be used only for making loans

1 under this subchapter. The money may not be used for  
2 administrative expenses.

3 Sec. 481.274. LOANS. (a) The office may make loans to  
4 finance the commercialization of new or improved products or  
5 processes for which financing is not reasonably available from  
6 private sources.

7 (b) The board shall adopt rules establishing limits on the  
8 amount of each loan and otherwise governing the terms and  
9 conditions of the loans.

10 (c) An application for a loan must be in the form prescribed  
11 by the office.

12 Sec. 481.275. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
13 may be made under this subchapter only to finance a project  
14 approved by the advisory board.

15 (b) In determining eligible projects the advisory board  
16 shall give preference to projects that have the greatest likelihood  
17 of commercial success and that have the potential to create or  
18 retain the most jobs in the state. The advisory board shall give  
19 special consideration to loans to grantees under the small business  
20 innovation research program under 15 U.S.C. Section 638.

21 Sec. 481.276. ADVISORY BOARD. (a) The Product  
22 Commercialization Advisory Board is composed of:

23 (1) one member of the Texas Higher Education  
24 Coordinating Board selected by the Texas Higher Education  
25 Coordinating Board;

26 (2) four persons appointed by the governor;

27 (3) one person appointed by the lieutenant governor;

1     and

2                     (4) one person appointed by the speaker of the house  
3     of representatives.

4             (b) In appointing members of the advisory board the  
5     governor, lieutenant governor, and speaker of the house of  
6     representatives shall give preference to persons having business  
7     leadership experience.

8             (c) Members appointed by the governor, lieutenant governor,  
9     and speaker of the house of representatives serve two-year  
10    staggered terms with the terms of three members expiring February 1  
11    of each odd-numbered year and the terms of three members expiring  
12    February 1 of each even-numbered year.

13            (d) The governor shall appoint the advisory board's chairman  
14    from among its members.

15            SECTION 3. At its initial meeting the members of the Product  
16    Commercialization Advisory Board shall draw lots to determine which  
17    members serve terms expiring February 1, 1991, and which serve  
18    terms expiring February 1, 1992.

19            SECTION 4. (a) Except as provided by Subsections (b) and  
20    (c) of this section, this Act takes effect September 1, 1989.

21            (b) If the 71st Legislature codifies the Texas Department of  
22    Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) as  
23    part of the Executive Title, Government Code, Section 1 of this Act  
24    does not take effect.

25            (c) If the 71st Legislature does not codify the Texas  
26    Department of Commerce Act as part of the Executive Title,  
27    Government Code, Section 2 of this Act does not take effect.

1           SECTION 5.   The importance of this legislation and the  
2 crowded condition of the calendars in both houses create an  
3 emergency and an imperative public necessity that the  
4 constitutional rule requiring bills to be read on three several  
5 days in each house be suspended, and this rule is hereby suspended.

# HOUSE COMMITTEE REPORT

1st Printing

HOUSE OF REPRESENTATIVES  
85 MAR 30 PM 4:28

By Williamson

H.B. No. 362

Substitute the following for H.B. No. 362:

By Gavin

C.S.H.B. No. 362

## A BILL TO BE ENTITLED

### AN ACT

relating to the commercialization of new and improved products;  
creating the product development commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Texas Department of Commerce Act (Article  
4413(301), Vernon's Texas Civil Statutes) is amended by adding  
Article 18 to read as follows:

#### ARTICLE 18. PRODUCT COMMERCIALIZATION

##### Sec. 18.001. DEFINITIONS. In this article:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 18.002. ADMINISTRATION. The Office of Advanced  
Technology shall implement this article as directed by the board.

Sec. 18.003. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments and interest received on  
loans made under this article, gifts, donations, fees, grants, and  
any other money received under this article. The department may  
accept funds from any source to carry out the purposes of this  
article.

(b) Money in the fund may be used for making loans under  
this article and for administrative expenses relating to the fund.

1       Sec. 18.004. LOANS. (a) The department may make loans to  
2 finance the commercialization of new or improved products or  
3 processes for which financing is not reasonably available from  
4 private sources.

5       (b) The advisory board shall adopt rules establishing limits  
6 on the amount of each loan and otherwise governing the terms and  
7 conditions of the loans, specifically including requirements for  
8 appropriate security or collateral and the rights and remedies of  
9 the department in the event of a default on the loan. Such rules  
10 shall include a requirement that borrowers shall report to the  
11 advisory board on the use of monies distributed through this fund.

12       (c) An application for a loan must be in the form prescribed  
13 by the advisory board.

14       (d) In connection with any loan made subject to this  
15 article, the department may enter into an agreement with the  
16 applicant under which the department obtains royalties, patent  
17 rights, equitable interests, or a combination of these royalties,  
18 rights, and interests, from or in the product or proceeds of the  
19 product for which a loan is requested. Such agreements must  
20 include provisions to ensure proper use of funds and the receipt of  
21 royalties, patent rights, or equity interest, as appropriate.

22       Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
23 may be made under this article only to finance a project approved  
24 by the advisory board and the board.

25       (b) In determining eligible projects the advisory board and  
26 the board shall give special preference to projects that have the  
27 greatest likelihood of commercial success, specifically including



1 but not limited to projects in the areas of agriculture,  
 2 biotechnology, biomedicine, energy, materials science,  
 3 microelectronics, aerospace, marine science, aquaculture,  
 4 telecommunications, manufacturing science, and other priority  
 5 research areas as provided in Section 143.003 of the Texas  
 6 Education Code. The advisory board further shall give  
 7 consideration to grantees under the small business innovation  
 8 research program established under 15 U.S.C. Section 638 as well as  
 9 to Texas companies formed to commercialize research funded at least  
 10 in part with state funds.

11 Sec. 18.006. INFORMATION CONFIDENTIAL. Information relating  
 12 to a product or process and the application or use of a product or  
 13 process, and technological and scientific information, including  
 14 computer programs, developed in whole or part by an applicant for  
 15 or recipient of a loan, is confidential and is not subject to  
 16 disclosure under state law or otherwise, regardless of whether the  
 17 product is patentable or capable of being registered under  
 18 copyright or trademark laws, or has a potential for being sold,  
 19 traded, or licensed for a fee; however, nothing in this article  
 20 shall prevent or restrict the Office of Advanced Technology or the  
 21 advisory board from obtaining information relating to a product or  
 22 process from an applicant or recipient of a loan under this  
 23 article.

24 Sec. 18.007. ADVISORY BOARD. (a) The Product  
 25 Commercialization Advisory Board is composed of:

26 (1) one representative of the Texas Higher Education  
 27 Coordinating Board selected by the Texas Higher Education

1 Coordinating Board; and

2 (2) six persons appointed by the governor with the  
3 advice and consent of the Senate;

4 (b) In appointing members of the advisory board, the  
5 governor may appoint persons having significant business leadership  
6 experience with emerging technologies, particularly experience with  
7 the transfer of research results into commercial application.

8 (c) Members of the advisory board serve two-year staggered  
9 terms with the terms of four members expiring February 1 of each  
10 odd-numbered year and the terms of three members expiring February  
11 1 of each even-numbered year.

12 (d) The governor shall appoint the advisory board's chairman  
13 from among its members.

14 SECTION 2. Chapter 481, Government Code, is amended by  
15 adding Subchapter U to read as follows:

16 SUBCHAPTER U. PRODUCT COMMERCIALIZATION

17 Sec. 481.291. DEFINITIONS. In this subchapter:

18 (1) "Advisory board" means the Product  
19 Commercialization Advisory Board.

20 (2) "Fund" means the product commercialization fund.

21 (3) "Office" means the Office of Advanced Technology.

22 Sec. 481.292. ADMINISTRATION. The Office of Advanced  
23 Technology shall implement this subchapter as directed by the  
24 board.

25 Sec. 481.293. FUND. (a) The product commercialization fund  
26 is a fund in the state treasury. The fund consists of  
27 appropriations, transfers, loan payments and interest received on

1 loans made under this subchapter, gifts, donations, fees, grants,  
2 and any other money received under this subchapter. The department  
3 may accept funds from any source to carry out the purposes of this  
4 subchapter.

5 (b) Money in the fund may be used for making loans under  
6 this subchapter and for administrative expenses relating to the  
7 fund.

8 Sec. 481.294. LOANS. (a) The department may make loans to  
9 finance the commercialization of new or improved products or  
10 processes for which financing is not reasonably available from  
11 private sources.

12 (b) The advisory board shall adopt rules establishing limits  
13 on the amount of each loan and otherwise governing the terms and  
14 conditions of the loans, specifically including requirements for  
15 appropriate security or collateral and the rights and remedies of  
16 the department in the event of a default on an obligation under the  
17 loan. Such rules shall include a requirement that borrowers shall  
18 report to the advisory board on the use of monies distributed  
19 through this fund.

20 (c) An application for a loan must be in the form prescribed  
21 by the advisory board.

22 (d) In connection with any loan made subject to this  
23 subchapter, the department may enter into an agreement with the  
24 applicant under which the department obtains royalties, patent  
25 rights, equitable interests, or a combination of these royalties,  
26 rights, and interests, from or in the product or proceeds of the  
27 product for which a loan is requested. Such agreements must

1 include provisions to ensure proper use of funds and the receipt of  
2 royalties, patent rights, or equity interest, as appropriate.

3 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
4 may be made under this subchapter only to finance a project  
5 approved by the advisory board and the board.

6 (b) In determining eligible projects the advisory board and  
7 the board shall give special preference to projects that have the  
8 greatest likelihood of commercial success, specifically including  
9 but not limited to projects in the areas of agriculture,  
10 biotechnology, biomedicine, energy, materials science,  
11 microelectronics, aerospace, marine science, aquaculture,  
12 telecommunications, manufacturing science, and other priority  
13 research areas as provided in Section 143.003 of the Texas  
14 Education Code. The advisory board further shall give  
15 consideration to grantees under the small business innovation  
16 research program established under 15 U.S.C. Section 638 as well as  
17 to Texas companies formed to commercialize research funded at least  
18 in part with state funds.

19 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
20 relating to a product or process and the application or use of a  
21 product or process, and technological and scientific information,  
22 including computer programs, developed in whole or part by an  
23 applicant for or recipient of a loan, is confidential and is not  
24 subject to disclosure under state law or otherwise, regardless of  
25 whether the product is patentable or capable of being registered  
26 under copyright or trademark laws, or has a potential for being  
27 sold, traded, or licensed for a fee; however, nothing in this

1 subchapter shall prevent or restrict the Office of Advanced  
2 Technology or the advisory board from obtaining information  
3 relating to a product or process from an applicant or recipient of  
4 a loan under this subchapter.

5 Sec. 481.297. ADVISORY BOARD. (a) The Product  
6 Commercialization Advisory Board is composed of:

7 (1) one representative of the Texas Higher Education  
8 Coordinating Board selected by the Texas Higher Education  
9 Coordinating Board; and

10 (2) six persons appointed by the governor with the  
11 advice and consent of the Senate;

12 (b) In appointing members of the advisory board, the  
13 governor may appoint persons having significant business leadership  
14 experience with emerging technologies, particularly experience with  
15 the transfer of research results into commercial application.

16 (c) Members of the advisory board serve two-year staggered  
17 terms with the terms of four members expiring February 1 of each  
18 odd-numbered year and the terms of three members expiring February  
19 1 of each even-numbered year.

20 (d) The governor shall appoint the advisory board's chairman  
21 from among its members.

22 SECTION 3. At its initial meeting the members of the Product  
23 Commercialization Advisory Board shall draw lots to determine which  
24 members serve terms expiring February 1, 1991, and which serve  
25 terms expiring February 1, 1992.

26 SECTION 4. (a) Except as provided by Subsections (b) and  
27 (c) of this section, this Act takes effect September 1, 1989.

1           (b) If the 71st Legislature codifies the Texas Department of  
2 Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) as  
3 part of Title 4, Government Code, Section 1 of this Act does not  
4 take effect.

5           (c) If the 71st Legislature does not codify the Texas  
6 Department of Commerce Act as part of Title 4, Government Code,  
7 Section 2 of this Act does not take effect.

8           SECTION 5. The importance of this legislation and the  
9 crowded condition of the calendars in both houses create an  
10 emergency and an imperative public necessity that the  
11 constitutional rule requiring bills to be read on three several  
12 days in each house be suspended, and this rule is hereby suspended.

COMMITTEE REPORT

The Honorable Gib Lewis  
Speaker of the House of Representatives

3-20-89  
(date)

Sir:

We, your COMMITTEE ON BUSINESS AND COMMERCE,

to whom was referred HB 362 have had the same under consideration and beg to report  
(measure)

back with the recommendation that it

- ( ) do pass, without amendment.  
( ) do pass, with amendment(s).  
☒ do pass and be not printed; a Complete Committee Substitute is recommended in lieu of the original measure.

A fiscal note was requested. ☒ yes ( ) no An actuarial analysis was requested. ( ) yes ☒ no

An author's fiscal statement was requested. ( ) yes ( ☒ ) no

A criminal justice policy impact statement was prepared. ( ) yes ☒ no

A water development policy impact statement was requested. ( ) yes ☒ no

( ) The Committee recommends that this measure be sent to the Committee on Local and Consent Calendars for placement on the ( ) Local, ( ) Consent, or ( ) Resolutions Calendar.

This measure ☒ proposes new law. ☒ amends existing law.

House Sponsor of Senate Measure \_\_\_\_\_

The measure was reported from Committee by the following vote:

	AYE	NAY	PNV	ABSENT
Wolens, Ch.	<input checked="" type="checkbox"/>			
Dutton, V.C.	<input checked="" type="checkbox"/>			
Connelly, C.B.O.				<input checked="" type="checkbox"/>
Fraser	<input checked="" type="checkbox"/>			
Gavin	<input checked="" type="checkbox"/>			
Hill, A.	<input checked="" type="checkbox"/>			
Hilbert	<input checked="" type="checkbox"/>			
Horn	<input checked="" type="checkbox"/>			
Smithee	<input checked="" type="checkbox"/>			

Total 8  
0 aye  
0 nay  
0 present, not voting  
1 absent

[Signature]  
CHAIRMAN  
Deborah K. Wall  
COMMITTEE COORDINATOR

H.B. 362  
By: Williamson  
C.S.H.B. 362  
By: Gavin

Committee on Business and Commerce

BILL ANALYSIS

BACKGROUND INFORMATION

Current state law contains few programs to promote the sale of products manufactured in Texas. The Texas Department of Commerce is authorized to assist business in Texas, but has limited tools to accomplish its goals.

PURPOSE

H.B. 362 would amend the Texas Department of Commerce Act by adding a new article to authorize the creation of a "Product Commercialization Fund" and an "Office of Advanced Technology" to aid in the commercialization of new and improved products manufactured in this State. It would also create an "Advisory Council" to approve loans made from the fund and approved by the "Office of Advanced Technology". If the Department of Commerce is codified, the Act would amend appropriate sections of the Government Code in the same manner as the Department of Commerce Act.

RULEMAKING AUTHORITY

It is the opinion of the committee that this bill does delegate rulemaking authority to state officers, agencies, departments and institutions. Specifically, Sections 1 and 2 of the bill delegates such authority to the Advisory Board created under the bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Adds Article 18 to the Texas Department of Commerce Act, Article 4413(301), Vernon's Texas Civil Statutes. Article 18 contains 7 sections which are as follows:

Sec. 18.001 contains the definitions for "Advisory board", "Fund" and "Office". Advisory board refers to the Product Commercialization Advisory Board, Fund refers to the product commercialization fund and Office means the Office of Advanced Technology.

Sec. 18.002 authorizes the Office of Advanced Technology to implement this Act as directed by the Product Commercialization Advisory Board.

Sec. 18.003 sets up the product commercialization fund in the state treasury, consisting of appropriations, transfers, loans, interest, gifts, donations and other monies, from any source, to carry out the purposes of this Act. This money may be used for loans under this article and for administrative costs.

Sec. 18.004 authorizes the Department of Commerce to make loans to finance the commercialization of products for which financing is not reasonably available. Grants the Advisory board the power to make rules governing the loans, including requirements for security or collateral and what the Department of Commerce may do in the case of default by an entity that has received a loan. This section further allows the Advisory board to prescribe the form for an application for a loan and authorizes the Department of Commerce to enter into agreements which allow it to receive royalties, patent rights, and equitable interests in products or proceeds from the development of such products for which a loan is requested.

Sec. 18.005 limits the use of loans under this Act to finance a project approved by the advisory board. and instructs the Advisory board to give preference in their procedures to projects that have the greatest likelihood of success, including but not limited to projects in the areas of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, aerospace, marine science, aquaculture, telecommunications, manufacturing science and



other priority areas as provided in Section 143.003 of the Texas Education Code. Preference is alost to be given to grantees under the federal government's small business research program and to Texascompanies formed to commercialize research funded in part by state funds.

Sec. 18.006 makes information relating to a product or process and its application or use developed by someone receiving a loan under this Act confidential, but allows the Office of Advanced Technology or the Advisory board access to such information

Sec. 18.007 describes the structure and sets the terms of the Advisory board. It is to be made up of 7 members, six appointed by the governor and one from the Texas Higher Education Coordinating Board, with significant business leadership with emerging technologies and their commercial applications.

SECTION 2. Amends Chapter 481 of the Government Code by adding Subchapter S. entitled "PRODUCT COMMERCIALIZATION", which reads the same as Section 1 above. Sections 481.291 through 481.297 correspond to Sec. 18.001 through 18.007 above.

SECTION 3. Sets up a system to stagger the terms of the Advisory board members by drawing lots.

SECTION 4. Makes the Act effect September 1, 1989. Section 1 of the Act does not take effect if the 71st Legislature codifies the Texas Department of Commerce and Section 2 will not take effect if the Texas Department of Commerce is not codified.

SECTION 5. Contains an emergency clause.

#### SUMMARY OF COMMITTEE ACTION

Public notice was posted in accordance with Rule 4, Section 12, Rules and Procedures of the House of Representatives for a public hearing to be held on March 6, 1989.

The Bill was left pending on March 6, 1989 and was heard on March 13, 1989 in a public hearing. The Chairman recognized the following witnesses to testify on the Bill: Keren K. Ware, from the Texas Department of Commerce, Margaret Wilson, from the Technology Transfer Center at the University of Texas at Austin, and Cheryl A. McManus, representing Texas A&M University. The Chairman then recognized the following witness to speak for the Bill: Dale Mosier, representing himself, and Laura J. Kilcrease, representing the American Electronics Association. The following persons did not testify, but asked that their names be included in the record as being in favor of the Bill: Dane Harris, representing the Texas Association of Business, Larry Milner of the Texas Chamber of Commerce, and Dana Chiodo, representing the Austin Chamber of Commerce. There was no one present to testify against the Bill. The Bill was left pending.

The Bill was laid out in a public hearing on March 20, 1989. A committee substitute was laid out. A motion was made and adopted without objection to adopt the committee substitute. A motion was made to report the Bill as substituted to the full House with a recommendation that it do pass. The motion prevailed by a vote of 8 Ayes, 0 Nays, 0 PNV and 1 absent.

#### COMPARISON OF THE ORIGINAL BILL TO THE SUBSTITUTE

C.S.H.B. made the following changes from the original H.B. 362:

SECTION 1 was changed as follows:

Sec. 18.002 was changed to reflect that the Office of Advance Techology already exists in the Texas Department of Commerce.

Sec. 18.003 was changed to allow the Texas Department of Commerce to accept funds from any source to go into the product commercialization fund and to allow the money to be used not only for loans, but for administrative purposes relating to the fund.

Sec. 18.004 was changed to more specifically define the rules for limits on the amounts of loans and the conditions for such loans

under this Act and to require the reporting of the use of the loans to the Advisory board. This section was also changed to allow the Department of Commerce to enter into agreements to receive royalties and other proceeds of a product for which a loan was made:

Sec. 18.005 was amended to specify the types of projects to be preferred. This section was changed to expand what should be preferred under this Act.

Sec. 18.006 was a new section added to the Act which made the prior Sec. 18.006 into Sec. 18.007. This section made information received under this Act by the Advisory board and the Department of Commerce confidential.

Sec. 18.007 changed the structure of the Advisory board. The roles of the lieutenant governor and speaker of the house in appointing members was removed and a qualification of business experience in emerging technologies and their commercialization was added.

SECTION 2 of the Act was changed to reflect the changes made above in Section 1 of the Act.

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 29, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: Committee Substitute for  
House Bill No. 362

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, CKM

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

RECEIVED FEB 9 1989

February 8, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: House Bill No. 362  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and establish an Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund.

The cost of administering the loan fund is based on the \$5 million appropriation. The loan fund may not be used for administrative purposes.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, BL

**ADOPTED**

APR 27 1989

*Betty Messing*  
Chief Clerk  
House of Representatives

By Williamson

H.B. 362

Substitute the following for H.B. 362

By *[Signature]*

C.S.H.B. 362

1 A BILL TO BE ENTITLED  
AN ACT

2 relating to the commercialization of new and improved products;  
3 creating the product development commercialization fund.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. The Texas Department of Commerce Act (Article  
6 4413(301), Vernon's Texas Civil Statutes) is amended by adding  
7 Article 18 to read as follows:

8 ARTICLE 18. PRODUCT COMMERCIALIZATION

9 Sec. 18.001. DEFINITIONS. In this article:

10 (1) "Advisory board" means the Product  
11 Commercialization Advisory Board.

12 (2) "Fund" means the product commercialization fund.

13 (3) "Office" means the Office of Advanced Technology.

14 Sec. 18.002. ADMINISTRATION. The Office of Advanced  
15 Technology shall implement this article as directed by the  
16 board.

17 Sec. 18.003. FUND. (a) The product commercialization  
18 fund is a fund in the state treasury. The fund consists of  
19 appropriations, transfers, loan payments and interest received  
20 on loans made under this article, gifts, donations, fees,  
21 grants, and any other money received under this article. The  
22 department may accept funds from any source to carry out the  
23 purposes of this article.

24 (b) Money in the fund may be used for making loans under

1 this article and for administrative expenses relating to the  
2 fund.

3 Sec. 18.004. LOANS. (a) The department may make loans to  
4 finance the commercialization of new or improved products or  
5 processes for which financing is not reasonably available from  
6 private sources.

7 (b) The advisory board shall adopt rules establishing  
8 limits on the amount of each loan and otherwise governing the  
9 terms and conditions of the loans, specifically including  
10 requirements for appropriate security or collateral and the  
11 rights and remedies of the department in the event of a default  
12 on the loan. Such rules shall include a requirement that  
13 borrowers shall report to the advisory board on the use of  
14 monies distributed through this fund.

15 (c) An application for a loan must be in the form  
16 prescribed by the advisory board.

17 (d) In connection with any loan made subject to this  
18 article, the department may enter into an agreement with the  
19 applicant under which the department obtains royalties, patent  
20 rights, equitable interests, or a combination of these  
21 royalties, rights, and interests, from or in the product or  
22 proceeds of the product for which a loan is requested. Such  
23 agreements must include provisions to ensure proper use of  
24 funds and the receipt of royalties, patent rights, or equity  
25 interest, as appropriate.

26 Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
27 may be made under this article only to finance a project

1 approved by the advisory board and the board.

2 C (b) In determining eligible projects the advisory board  
3 and the board shall give special preference to projects that  
4 have the greatest likelihood of commercial success,  
5 specifically including but not limited to projects in the areas  
6 of agriculture, biotechnology, biomedicine, energy, materials  
7 science, microelectronics, aerospace, marine science,  
8 aquaculture, telecommunications, manufacturing science, and  
9 other priority research areas as provided in Section 143.003, of  
10 the Texas Education Code. The advisory board further shall  
11 give consideration to grantees under the small business  
12 innovation research program established under 15 U.S.C. Section  
13 638 as well as to Texas companies formed to commercialize  
14 research funded at least in part with state funds.

15 Sec. 18.006. INFORMATION CONFIDENTIAL. Information  
16 relating to a product or process and the application or use of  
17 a product or process, and technological and scientific  
18 information, including computer programs, developed in whole or  
19 part by an applicant for or recipient of a loan, is  
20 confidential and is not subject to disclosure under state law  
21 or otherwise, regardless of whether the product is patentable  
22 or capable of being registered under copyright or trademark  
23 laws, or has a potential for being sold, traded, or licensed  
24 for a fee; however, nothing in this article shall prevent or  
25 restrict the Office of Advanced Technology or the advisory  
26 board from obtaining information relating to a product or  
27 process from an applicant or recipient of a loan under this

1 article.

2 Section 18.007. ADVISORY BOARD. (a) The Product  
3 Commercialization Advisory Board is composed of:

4 (1) one representative of the Texas Higher Education  
5 Coordinating Board selected by the Texas Higher Education  
6 Coordinating Board; and,

7 (2) six persons appointed by the governor with the  
8 advise and consent of the Senate;

9 (b) In appointing members of the advisory board, the  
10 governor may appoint persons having significant business  
11 leadership experience with emerging technologies, particularly  
12 experience with the transfer of research results into  
13 commercial application.

14 (c) Members of the advisory board serve two-year staggered  
15 terms with the terms of four members expiring February 1 of  
16 each odd-numbered year and the terms of three members expiring  
17 February 1 of each even-numbered year.

18 (d) The governor shall appoint the advisory board's  
19 chairman from among its members.

20 SECTION 2. Chapter 481, Government Code, is amended by  
21 adding Subchapter U to read as follows:

22 SUBCHAPTER U. PRODUCT COMMERCIALIZATION

23 Sec. 481.291. DEFINITIONS. In this subchapter:

24 (1) "Advisory board" means the Product  
25 Commercialization Advisory Board.

26 (2) "Fund" means the product commercialization fund.

27 (3) "Office" means the Office of Advanced Technology.



1       Sec. 481.292. ADMINISTRATION. The Office of Advanced  
2       Technology shall implement this subchapter as directed by the  
3       board.

4       Sec. 481.293. FUND. (a) The product commercialization  
5       fund is a fund in the state treasury. The fund consists of  
6       appropriations, transfers, loan payments and interest received  
7       on loans made under this subchapter, gifts, donations, fees,  
8       grants, and any other money received under this subchapter.  
9       The department may accept funds from any source to carry out  
10      the purposes of this subchapter.

11      (b) Money in the fund may be used for making loans under  
12      this subchapter and for administrative expenses relating to the  
13      fund.

14      Sec. 481.294. LOANS. (a) The department may make loans  
15      to finance the commercialization of new or improved products or  
16      processes for which financing is not reasonably available from  
17      private sources.

18      (b) The advisory board shall adopt rules establishing  
19      limits on the amount of each loan and otherwise governing the  
20      terms and conditions of the loans, specifically including  
21      requirements for appropriate security or collateral and the  
22      rights and remedies of the department in the event of a default  
23      on an obligation under the loan. Such rules shall include a  
24      requirement that borrowers shall report to the advisory board  
25      on the use of monies distributed through this fund.

26      (c) An application for a loan must be in the form  
27      prescribed by the advisory board.

(d) In connection with any loan made subject to this

1 subchapter, the department may enter into an agreement with the  
2 applicant under which the department obtains royalties, patent  
3 rights, equitable interests, or a combination of these  
4 royalties, rights, and interests, from or in the product or  
5 proceeds of the product for which a loan is requested. Such  
6 agreements must include provisions to ensure proper use of  
7 funds and the receipt of royalties, patent rights, or equity  
8 interest, as appropriate.

9 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A  
10 loan may be made under this subchapter only to finance a  
11 project approved by the advisory board and the board.

12 (b) In determining eligible projects the advisory board  
13 and the board shall give special preference to projects that  
14 have the greatest likelihood of commercial success,  
15 specifically including but not limited to projects in the areas  
16 of agriculture, biotechnology, biomedicine, energy, materials  
17 science, microelectronics, aerospace, marine science,  
18 aquaculture, telecommunications, manufacturing science, and  
19 other priority research areas as provided in Section 143.003 of  
20 the ~~Texas~~ Education Code. The advisory board further shall  
21 give consideration to grantees under the small business  
22 innovation research program established under 15 U.S.C. Section  
23 638 as well as to Texas companies formed to commercialize  
24 research funded at least in part with state funds.

25 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
26 relating to a product or process and the application or use of  
27 a product or process, and technological and scientific

1 information, including computer programs, developed in whole or  
2 part by an applicant for or recipient of a loan, is  
3 confidential and is not subject to disclosure under state law  
4 or otherwise, regardless of whether the product is patentable  
5 or capable of being registered under copyright or trademark  
6 laws, or has a potential for being sold, traded, or licensed  
7 for a fee; however, nothing in this subchapter shall prevent or  
8 restrict the Office of Advanced Technology or the advisory  
9 board from obtaining information relating to a product or  
10 process from an applicant or recipient of a loan under this  
11 subchapter.

12 Sec. 481.297. ADVISORY BOARD. (a) The Product  
13 Commercialization Advisory Board is composed of:

14 (1) one representative of the Texas Higher Education  
15 Coordinating Board selected by the Texas Higher Education  
16 Coordinating Board; and

17 (2) six persons appointed by the governor with the  
18 advise and consent of the senate;

19 (b) In appointing members of the advisory board, the  
20 governor may appoint persons having significant business  
21 leadership experience with emerging technologies, particularly  
22 experience with the transfer of research results into  
23 commercial application.

24 (c) Members of the advisory board serve two-year staggered  
25 terms with the terms of four members expiring February 1 of  
26 each odd-numbered year and the terms of three members expiring  
27 February 1 of each even-numbered year.

1        (d) The governor shall appoint the advisory board's  
2        chairman from among its members.

3        SECTION 3. At its initial meeting the members of the  
4        Product Commercialization Advisory Board shall draw lots to  
5        determine which members serve terms expiring February 1, 1991,  
6        and which serve terms expiring February 1, 1992.

7        SECTION 4. (a) Except as provided by Subsections (b) and  
8        (c) of this section, this Act takes effect September 1, 1989.

9        (b) If the 71st Legislature codifies the Texas Department  
10       of Commerce Act (Article 4413(301), Vernon's Texas Civil  
11       Statutes) as part of Title 4, Government Code, Section 1 of  
12       this Act does not take effect.

13       (c) If the 71st Legislature does not codify the Texas  
14       Department of Commerce Act <sup>(Article 4413(301), Vernon's Texas Civil Statutes)</sup> as part of Title 4, Government Code,  
15       Section 2 of this Act does not take effect.

16       SECTION 5. The importance of this legislation and the  
17       crowded condition of the calendars in both houses create an  
18       emergency and an imperative public necessity that the  
19       constitutional rule requiring bills to be read on three several  
20       days in each house be suspended, and this rule is hereby  
21       suspended.

ENGROSSED  
SECOND READING

By Williamson

H.B. No. 362

A BILL TO BE ENTITLED

AN ACT

relating to the commercialization of new and improved products;  
creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Texas Department of Commerce Act (Article  
4413(301), Vernon's Texas Civil Statutes) is amended by adding  
Article 18 to read as follows:

ARTICLE 18. PRODUCT COMMERCIALIZATION

Sec. 18.001. DEFINITIONS. In this article:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 18.002. ADMINISTRATION. The Office of Advanced  
Technology shall implement this article as directed by the board.

Sec. 18.003. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments and interest received on  
loans made under this article, gifts, donations, fees, grants, and  
any other money received under this article. The department may  
accept funds from any source to carry out the purposes of this  
article.

(b) Money in the fund may be used for making loans under  
this article and for administrative expenses relating to the fund.

1       Sec. 18.004. LOANS. (a) The department may make loans to  
2       finance the commercialization of new or improved products or  
3       processes for which financing is not reasonably available from  
4       private sources.

5       (b) The advisory board shall adopt rules establishing limits  
6       on the amount of each loan and otherwise governing the terms and  
7       conditions of the loans, specifically including requirements for  
8       appropriate security or collateral and the rights and remedies of  
9       the department in the event of a default on the loan. Such rules  
10       shall include a requirement that borrowers shall report to the  
11       advisory board on the use of money distributed through this fund.

12       (c) An application for a loan must be in the form prescribed  
13       by the advisory board.

14       (d) In connection with any loan made subject to this  
15       article, the department may enter into an agreement with the  
16       applicant under which the department obtains royalties, patent  
17       rights, equitable interests, or a combination of these royalties,  
18       rights, and interests, from or in the product or proceeds of the  
19       product for which a loan is requested. Such agreements must  
20       include provisions to ensure proper use of funds and the receipt of  
21       royalties, patent rights, or equity interest, as appropriate.

22       Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
23       may be made under this article only to finance a project approved  
24       by the advisory board and the board.

25       (b) In determining eligible projects the advisory board and  
26       the board shall give special preference to projects that have the  
27       greatest likelihood of commercial success, specifically including

1. but not limited to projects in the areas of agriculture,  
 2. biotechnology, biomedicine, energy, materials science,  
 3. microelectronics, aerospace, marine science, aquaculture,  
 4. telecommunications, manufacturing science, and other priority  
 5. research areas as provided in Section 143.003, Education Code. The  
 6. advisory board further shall give consideration to grantees under  
 7. the small business innovation research program established under 15  
 8. U.S.C. Section 638 as well as to Texas companies formed to  
 9. commercialize research funded at least in part with state funds.

10. Sec. 18.006. INFORMATION CONFIDENTIAL. Information relating  
 11. to a product or process and the application or use of a product or  
 12. process, and technological and scientific information, including  
 13. computer programs, developed in whole or part by an applicant for  
 14. or recipient of a loan, is confidential and is not subject to  
 15. disclosure under state law or otherwise, regardless of whether the  
 16. product is patentable or capable of being registered under  
 17. copyright or trademark laws, or has a potential for being sold,  
 18. traded, or licensed for a fee. However, nothing in this article  
 19. shall prevent or restrict the Office of Advanced Technology or the  
 20. advisory board from obtaining information relating to a product or  
 21. process from an applicant or recipient of a loan under this  
 22. article.

23. Sec. 18.007. ADVISORY BOARD. (a) The Product  
 24. Commercialization Advisory Board is composed of:

25. (1) one representative of the Texas Higher Education  
 26. Coordinating Board selected by the Texas Higher Education  
 27. Coordinating Board; and

1           (2) six persons appointed by the governor with the  
2 advice and consent of the senate.

3           (b) In appointing members of the advisory board, the  
4 governor may appoint persons having significant business leadership  
5 experience with emerging technologies, particularly experience with  
6 the transfer of research results into commercial application.

7           (c) Members of the advisory board serve two-year staggered  
8 terms with the terms of four members expiring February 1 of each  
9 odd-numbered year and the terms of three members expiring February  
10 1 of each even-numbered year.

11           (d) The governor shall appoint the advisory board's chairman  
12 from among its members.

13           SECTION 2. Chapter 481, Government Code, is amended by  
14 adding Subchapter U to read as follows:

15           SUBCHAPTER U. PRODUCT COMMERCIALIZATION

16           Sec. 481.291. DEFINITIONS. In this subchapter:

17           (1) "Advisory board" means the Product  
18 Commercialization Advisory Board.

19           (2) "Fund" means the product commercialization fund.

20           (3) "Office" means the Office of Advanced Technology.

21           Sec. 481.292. ADMINISTRATION. The Office of Advanced  
22 Technology shall implement this subchapter as directed by the  
23 board.

24           Sec. 481.293. FUND. (a) The product commercialization fund  
25 is a fund in the state treasury. The fund consists of  
26 appropriations, transfers, loan payments and interest received on  
27 loans made under this subchapter, gifts, donations, fees, grants,



1 and any other money received under this subchapter. The department  
2 may accept funds from any source to carry out the purposes of this  
3 subchapter.

4 (b) Money in the fund may be used for making loans under  
5 this subchapter and for administrative expenses relating to the  
6 fund.

7 Sec. 481.294. LOANS. (a) The department may make loans to  
8 finance the commercialization of new or improved products or  
9 processes for which financing is not reasonably available from  
10 private sources.

11 (b) The advisory board shall adopt rules establishing limits  
12 on the amount of each loan and otherwise governing the terms and  
13 conditions of the loans, specifically including requirements for  
14 appropriate security or collateral and the rights and remedies of  
15 the department in the event of a default on an obligation under the  
16 loan. Such rules shall include a requirement that borrowers shall  
17 report to the advisory board on the use of money distributed  
18 through this fund.

19 (c) An application for a loan must be in the form prescribed  
20 by the advisory board.

21 (d) In connection with any loan made subject to this  
22 subchapter, the department may enter into an agreement with the  
23 applicant under which the department obtains royalties, patent  
24 rights, equitable interests, or a combination of these royalties,  
25 rights, and interests, from or in the product or proceeds of the  
26 product for which a loan is requested. Such agreements must  
27 include provisions to ensure proper use of funds and the receipt of

1 royalties, patent rights, or equity interest, as appropriate.

2 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
3 may be made under this subchapter only to finance a project  
4 approved by the advisory board and the board.

5 (b) In determining eligible projects the advisory board and  
6 the board shall give special preference to projects that have the  
7 greatest likelihood of commercial success, specifically including  
8 but not limited to projects in the areas of agriculture,  
9 biotechnology, biomedicine, energy, materials science,  
10 microelectronics, aerospace, marine science, aquaculture,  
11 telecommunications, manufacturing science, and other priority  
12 research areas as provided in Section 143.003, Education Code. The  
13 advisory board further shall give consideration to grantees under  
14 the small business innovation research program established under 15  
15 U.S.C. Section 638 as well as to Texas companies formed to  
16 commercialize research funded at least in part with state funds.

17 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
18 relating to a product or process and the application or use of a  
19 product or process, and technological and scientific information,  
20 including computer programs, developed in whole or part by an  
21 applicant for or recipient of a loan, is confidential and is not  
22 subject to disclosure under state law or otherwise, regardless of  
23 whether the product is patentable or capable of being registered  
24 under copyright or trademark laws, or has a potential for being  
25 sold, traded, or licensed for a fee. However, nothing in this  
26 subchapter shall prevent or restrict the Office of Advanced  
27 Technology or the advisory board from obtaining information

1 relating to a product or process from an applicant or recipient of  
2 a loan under this subchapter.

3 Sec. 481.297. ADVISORY BOARD. (a) The Product  
4 Commercialization Advisory Board is composed of:

5 (1) one representative of the Texas Higher Education  
6 Coordinating Board selected by the Texas Higher Education  
7 Coordinating Board; and

8 (2) six persons appointed by the governor with the  
9 advice and consent of the senate.

10 (b) In appointing members of the advisory board, the  
11 governor may appoint persons having significant business leadership  
12 experience with emerging technologies, particularly experience with  
13 the transfer of research results into commercial application.

14 (c) Members of the advisory board serve two-year staggered  
15 terms with the terms of four members expiring February 1 of each  
16 odd-numbered year and the terms of three members expiring February  
17 1 of each even-numbered year.

18 (d) The governor shall appoint the advisory board's chairman  
19 from among its members.

20 SECTION 3. At its initial meeting the members of the Product  
21 Commercialization Advisory Board shall draw lots to determine which  
22 members serve terms expiring February 1, 1991, and which serve  
23 terms expiring February 1, 1992.

24 SECTION 4. (a) Except as provided by Subsections (b) and  
25 (c) of this section, this Act takes effect September 1, 1989.

26 (b) If the 71st Legislature codifies the Texas Department of  
27 Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) as

1. part of Title 4, Government Code, Section 1 of this Act does not  
2 take effect.

3 (c) If the 71st Legislature does not codify the Texas  
4 Department of Commerce Act (Article 4413(301), Vernon's Texas Civil  
5 Statutes) as part of Title 4, Government Code, Section 2 of this  
6 Act does not take effect.

7 SECTION 5. The importance of this legislation and the  
8 crowded condition of the calendars in both houses create an  
9 emergency and an imperative public necessity that the  
10 constitutional rule requiring bills to be read on three several  
11 days in each house be suspended, and this rule is hereby suspended.

# HOUSE ENGROSSMENT

COMMITTEE REPORT

By Williamson

H.B. No. 362

## A BILL TO BE ENTITLED

### AN ACT

relating to the commercialization of new and improved products;  
creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Texas Department of Commerce Act (Article  
4413(301), Vernon's Texas Civil Statutes) is amended by adding  
Article 18 to read as follows:

#### ARTICLE 18. PRODUCT COMMERCIALIZATION

##### Sec. 18.001. DEFINITIONS. In this article:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 18.002. ADMINISTRATION. The Office of Advanced  
Technology shall implement this article as directed by the board.

Sec. 18.003. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments and interest received on  
loans made under this article, gifts, donations, fees, grants, and  
any other money received under this article. The department may  
accept funds from any source to carry out the purposes of this  
article.

(b) Money in the fund may be used for making loans under  
this article and for administrative expenses relating to the fund.

1       Sec. 18.004. LOANS. (a) The department may make loans to  
2 finance the commercialization of new or improved products or  
3 processes for which financing is not reasonably available from  
4 private sources.

5       (b) The advisory board shall adopt rules establishing limits  
6 on the amount of each loan and otherwise governing the terms and  
7 conditions of the loans, specifically including requirements for  
8 appropriate security or collateral and the rights and remedies of  
9 the department in the event of a default on the loan. Such rules  
10 shall include a requirement that borrowers shall report to the  
11 advisory board on the use of money distributed through this fund.

12       (c) An application for a loan must be in the form prescribed  
13 by the advisory board.

14       (d) In connection with any loan made subject to this  
15 article, the department may enter into an agreement with the  
16 applicant under which the department obtains royalties, patent  
17 rights, equitable interests, or a combination of these royalties,  
18 rights, and interests, from or in the product or proceeds of the  
19 product for which a loan is requested. Such agreements must  
20 include provisions to ensure proper use of funds and the receipt of  
21 royalties, patent rights, or equity interest, as appropriate.

22       Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
23 may be made under this article only to finance a project approved  
24 by the advisory board and the board.

25       (b) In determining eligible projects the advisory board and  
26 the board shall give special preference to projects that have the  
27 greatest likelihood of commercial success, specifically including

1 but not limited to projects in the areas of agriculture,  
 2 biotechnology, biomedicine, energy, materials science,  
 3 microelectronics, aerospace, marine science, aquaculture,  
 4 telecommunications, manufacturing science, and other priority  
 5 research areas as provided in Section 143.003, Education Code. The  
 6 advisory board further shall give consideration to grantees under  
 7 the small business innovation research program established under 15  
 8 U.S.C. Section 638 as well as to Texas companies formed to  
 9 commercialize research funded at least in part with state funds.

10 Sec. 18.006. INFORMATION CONFIDENTIAL. Information relating  
 11 to a product or process and the application or use of a product or  
 12 process, and technological and scientific information, including  
 13 computer programs, developed in whole or part by an applicant for  
 14 or recipient of a loan, is confidential and is not subject to  
 15 disclosure under state law or otherwise, regardless of whether the  
 16 product is patentable or capable of being registered under  
 17 copyright or trademark laws, or has a potential for being sold,  
 18 traded, or licensed for a fee. However, nothing in this article  
 19 shall prevent or restrict the Office of Advanced Technology or the  
 20 advisory board from obtaining information relating to a product or  
 21 process from an applicant or recipient of a loan under this  
 22 article.

23 Sec. 18.007. ADVISORY BOARD. (a) The Product  
 24 Commercialization Advisory Board is composed of:

25 (1) one representative of the Texas Higher Education  
 26 Coordinating Board selected by the Texas Higher Education  
 27 Coordinating Board; and

1           (2) six persons appointed by the governor with the  
2 advice and consent of the senate.

3           (b) In appointing members of the advisory board, the  
4 governor may appoint persons having significant business leadership  
5 experience with emerging technologies, particularly experience with  
6 the transfer of research results into commercial application.

7           (c) Members of the advisory board serve two-year staggered  
8 terms with the terms of four members expiring February 1 of each  
9 odd-numbered year and the terms of three members expiring February  
10 1 of each even-numbered year.

11           (d) The governor shall appoint the advisory board's chairman  
12 from among its members.

13           SECTION 2. Chapter 481, Government Code, is amended by  
14 adding Subchapter U to read as follows:

15           SUBCHAPTER U. PRODUCT COMMERCIALIZATION

16           Sec. 481.291. DEFINITIONS. In this subchapter:

17           (1) "Advisory board" means the Product  
18 Commercialization Advisory Board.

19           (2) "Fund" means the product commercialization fund.

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21           Sec. 481.292. ADMINISTRATION. The Office of Advanced  
22 Technology shall implement this subchapter as directed by the  
23 board.

24           Sec. 481.293. FUND. (a) The product commercialization fund  
25 is a fund in the state treasury. The fund consists of  
26 appropriations, transfers, loan payments and interest received on  
27 loans made under this subchapter, gifts, donations, fees, grants,



1 and any other money received under this subchapter. The department  
2 may accept funds from any source to carry out the purposes of this  
3 subchapter.

4 (b) Money in the fund may be used for making loans under  
5 this subchapter and for administrative expenses relating to the  
6 fund.

7 Sec. 481.294. LOANS. (a) The department may make loans to  
8 finance the commercialization of new or improved products or  
9 processes for which financing is not reasonably available from  
10 private sources.

11 (b) The advisory board shall adopt rules establishing limits  
12 on the amount of each loan and otherwise governing the terms and  
13 conditions of the loans, specifically including requirements for  
14 appropriate security or collateral and the rights and remedies of  
15 the department in the event of a default on an obligation under the  
16 loan. Such rules shall include a requirement that borrowers shall  
17 report to the advisory board on the use of money distributed  
18 through this fund.

19 (c) An application for a loan must be in the form prescribed  
20 by the advisory board.

21 (d) In connection with any loan made subject to this  
22 subchapter, the department may enter into an agreement with the  
23 applicant under which the department obtains royalties, patent  
24 rights, equitable interests, or a combination of these royalties,  
25 rights, and interests, from or in the product or proceeds of the  
26 product for which a loan is requested. Such agreements must  
27 include provisions to ensure proper use of funds and the receipt of

royalties, patent rights, or equity interest, as appropriate.

Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan may be made under this subchapter only to finance a project approved by the advisory board and the board.

(b) In determining eligible projects the advisory board and the board shall give special preference to projects that have the greatest likelihood of commercial success, specifically including but not limited to projects in the areas of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, aerospace, marine science, aquaculture, telecommunications, manufacturing science, and other priority research areas as provided in Section 143.003, Education Code. The advisory board further shall give consideration to grantees under the small business innovation research program established under 15 U.S.C. Section 638 as well as to Texas companies formed to commercialize research funded at least in part with state funds.

Sec. 481.296. INFORMATION CONFIDENTIAL. Information relating to a product or process and the application or use of a product or process, and technological and scientific information, including computer programs, developed in whole or part by an applicant for or recipient of a loan, is confidential and is not subject to disclosure under state law or otherwise, regardless of whether the product is patentable or capable of being registered under copyright or trademark laws, or has a potential for being sold, traded, or licensed for a fee. However, nothing in this subchapter shall prevent or restrict the Office of Advanced Technology or the advisory board from obtaining information

1 relating to a product or process from an applicant or recipient of  
2 a loan under this subchapter.

3 Sec. 481.297. ADVISORY BOARD. (a) The Product  
4 Commercialization Advisory Board is composed of:

5 (1) one representative of the Texas Higher Education  
6 Coordinating Board selected by the Texas Higher Education  
7 Coordinating Board; and

8 (2) six persons appointed by the governor with the  
9 advice and consent of the senate.

10 (b) In appointing members of the advisory board, the  
11 governor may appoint persons having significant business leadership  
12 experience with emerging technologies, particularly experience with  
13 the transfer of research results into commercial application.

14 (c) Members of the advisory board serve two-year staggered  
15 terms with the terms of four members expiring February 1 of each  
16 odd-numbered year and the terms of three members expiring February  
17 1 of each even-numbered year.

18 (d) The governor shall appoint the advisory board's chairman  
19 from among its members.

20 SECTION 3. At its initial meeting the members of the Product  
21 Commercialization Advisory Board shall draw lots to determine which  
22 members serve terms expiring February 1, 1991, and which serve  
23 terms expiring February 1, 1992.

24 SECTION 4. (a) Except as provided by Subsections (b) and  
25 (c) of this section, this Act takes effect September 1, 1989.

26 (b) If the 71st Legislature codifies the Texas Department of  
27 Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) as

1 part of Title 4, Government Code, Section 1 of this Act does not  
2 take effect.

3 (c) If the 71st Legislature does not codify the Texas  
4 Department of Commerce Act (Article 4413(301), Vernon's Texas Civil  
5 Statutes) as part of Title 4, Government Code, Section 2 of this  
6 Act does not take effect.

7 SECTION 5. . . The importance of this legislation and the  
8 crowded condition of the calendars in both houses create an  
9 emergency and an imperative public necessity that the  
10 constitutional rule requiring bills to be read on three several  
11 days in each house be suspended, and this rule is hereby suspended.

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 29, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: Committee Substitute for  
House Bill No. 362

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, CKM

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

RECEIVED FEB 9 1989

February 8, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: House Bill No. 362  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and establish an Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund.

The cost of administering the loan fund is based on the \$5 million appropriation. The loan fund may not be used for administrative purposes.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, BL

# SENATE FAVORABLY AS SUBSTITUTED COMMITTEE REPORT

Lt. Governor William P. Hobby  
President of the Senate

<sup>12</sup>  
May 10, 1989 - 4:34 pm  
(date)/(time)

Sir:

We, your Committee on STATE AFFAIRS to which was referred  
HB 362 by Williamson have on 5-10, 1989, had the same  
(measure) (sponsor) (hearing date)

under consideration and I am instructed to report it back with the recommendation (s) that it

☒ do pass as substituted, and be printed  
☒ the caption remained the same as original measure  
☐ the caption changed with adoption of the substitute

☐ do pass as substituted, and be ordered not printed

☐ and is recommended for placement on the Local and Uncontested Bills Calendar.

A fiscal note was requested. ☒ yes ☐ no

A revised fiscal note was requested. ☐ yes ☒ no

An actuarial analysis was requested. ☐ yes ☒ no

Considered by subcommittee. ☐ yes ☒ no

Senate Sponsor of House Measure GREEN

The measure was reported from Committee by the following vote:

	YEA	NAY	PNV	ABSENT
Montford, Chairman	<input checked="" type="checkbox"/>			
Henderson, Vice Chairman	<input checked="" type="checkbox"/>			
Armbrister				<input checked="" type="checkbox"/>
Caperton	<input checked="" type="checkbox"/>			
Edwards	<input checked="" type="checkbox"/>			
Glasgow				<input checked="" type="checkbox"/>
Green	<input checked="" type="checkbox"/>			
Harris				<input checked="" type="checkbox"/>
Leedom		<input checked="" type="checkbox"/>		
Lyon	<input checked="" type="checkbox"/>			
McFarland	<input checked="" type="checkbox"/>			
Parmer	<input checked="" type="checkbox"/>			
Washington	<input checked="" type="checkbox"/>			
TOTAL VOTES	9	1	0	3

Morris Hickey  
COMMITTEE CLERK

W. H. Thompson  
CHAIRMAN

1 By: Williamson (Senate Sponsor - Green) H.B. No. 362  
2 (In the Senate - Received from the House May 2, 1989;  
3 May 3, 1989, read first time and referred to Committee on State  
4 Affairs; May 12, 1989, reported adversely, with favorable Committee  
5 Substitute by the following vote: Yeas 9, Nays 1; May 12, 1989,  
6 sent to printer.)

7 COMMITTEE VOTE

	Yea	Nay	PNV	Absent
8 Montford	x			
9 Henderson	x			
10 Armbrister				x
11 Caperton	x			
12 Edwards	x			
13 Glasgow				x
14 Green	x			
15 Harris				x
16 Leedom		x		
17 Lyon	x			
18 McFarland	x			
19 Parmer	x			
20 Washington	x			

22 COMMITTEE SUBSTITUTE FOR H.B. No. 362

By: Green

23 A BILL TO BE ENTITLED  
24 AN ACT

25 relating to the commercialization of new and improved products;  
26 creating the product commercialization fund.

27 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

28 SECTION 1. Chapter 481, Government Code, as added by S.B.  
29 No. 223, Acts of the 71st Legislature, Regular Session, 1989, is  
30 amended by adding Subchapter U to read as follows:

31 SUBCHAPTER U. PRODUCT COMMERCIALIZATION

32 Sec. 481.291. DEFINITIONS. In this subchapter:

33 (1) "Advisory board" means the Product  
34 Commercialization Advisory Board.

35 (2) "Fund" means the product commercialization fund.

36 (3) "Office" means the Office of Advanced Technology.

37 Sec. 481.292. ADMINISTRATION. The Office of Advanced  
38 Technology shall implement this subchapter as directed by the  
39 board.

40 Sec. 481.293. FUND. (a) The product commercialization fund  
41 is a fund in the state treasury. The fund consists of  
42 appropriations, transfers, loan payments, and interest received on  
43 loans made under this subchapter, gifts, donations, fees, grants,  
44 and any other money received under this subchapter. The department  
45 may accept funds from any source to carry out the purposes of this  
46 subchapter.

47 (b) Money in the fund may be used for making loans under  
48 this subchapter and for administrative expenses relating to the  
49 fund.

50 Sec. 481.294. LOANS. (a) The department may make loans to  
51 finance the commercialization of new or improved products or  
52 processes for which financing is not reasonably available from  
53 private sources.

54 (b) On recommendation of the advisory board, the department  
55 shall adopt rules establishing limits on the amount of each loan  
56 and otherwise governing the terms and conditions of the loans,  
57 specifically including requirements for appropriate security or  
58 collateral and the rights and remedies of the department in the  
59 event of a default on an obligation under the loan. Such rules  
60 shall include a requirement that borrowers shall report to the  
61 department and the advisory board on the use of money distributed  
62 through this fund.

63 (c) An application for a loan must be in the form prescribed  
64 by the department based on the recommendations of the advisory  
65 board.



(d) In connection with any loan made subject to this subchapter, the department may enter into an agreement with the applicant under which the department obtains royalties, patent rights, equitable interests, or a combination of these royalties, rights, and interests, from or in the product or proceeds of the product for which a loan is requested. Such agreements must include provisions to ensure proper use of funds and the receipt of royalties, patent rights, or equity interest, as appropriate.

Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan may be made under this subchapter only to finance a project approved by the advisory board and the department.

(b) In determining eligible projects, the advisory board and the department shall give special preference to projects that have the greatest likelihood of commercial success, specifically including but not limited to projects in the areas of agriculture, biotechnology, biomedicine, energy, materials science, microelectronics, aerospace, marine science, aquaculture, telecommunications, manufacturing science, and other priority research areas as provided in Section 143.003, Education Code. The department and the advisory board further shall give consideration to grantees under the small business innovation research program established under 15 U.S.C. Section 638 as well as to Texas companies formed to commercialize research funded at least in part with state funds.

Sec. 481.296. INFORMATION CONFIDENTIAL. Information relating to a product or process and the application or use of a product or process, and technological and scientific information, including computer programs, developed in whole or part by an applicant for or recipient of a loan, is confidential and is not subject to disclosure under state law or otherwise, regardless of whether the product is patentable or capable of being registered under copyright or trademark laws, or has a potential for being sold, traded, or licensed for a fee. However, nothing in this subchapter shall prevent or restrict the Office of Advanced Technology or the advisory board from obtaining information relating to a product or process from an applicant or recipient of a loan under this subchapter.

Sec. 481.297. ADVISORY BOARD. (a) The Product Commercialization Advisory Board is composed of:

(1) one representative of the Texas Higher Education Coordinating Board selected by the Texas Higher Education Coordinating Board; and

(2) six persons appointed by the governor with the advice and consent of the senate.

(b) In appointing members of the advisory board, the governor may appoint persons having significant business leadership experience with emerging technologies, particularly experience with the transfer of research results into commercial application.

(c) Members of the advisory board serve two-year staggered terms with the terms of four members expiring February 1 of each odd-numbered year and the terms of three members expiring February 1 of each even-numbered year.

(d) The governor shall appoint the advisory board's chairman from among its members.

Sec. 481.298. PROGRAM COORDINATION. The department may coordinate the administration and funding of the programs established pursuant to Subchapter Q and this subchapter.

SECTION 2. Subchapter Q, Chapter 481, Government Code, as added by S.B. 223, Acts of the 71st Legislature, Regular Session, 1989, is amended by adding Section 481.226 as follows:

Sec. 481.226. BONDS. (a) The board may issue up to \$25 million of general obligation bonds and may use the proceeds of the bonds to provide venture financing under this subchapter. The board shall deposit the proceeds of the bonds in the Texas product development fund and apply them in accordance with the resolution authorizing the bonds. The fund and any accounts established in the fund shall be held in trust by the state treasurer for and on behalf of the department and the owners of the general obligation bonds issued in accordance with this section, and may be used only as provided by this section. Pending use, the treasurer may invest

1 and reinvest money in the fund in investments authorized by law for  
2 state funds that the treasurer, consistent with the board's  
3 resolutions authorizing the bonds, considers appropriate.  
4 Repayments of financial assistance provided under this subchapter,  
5 together with earnings received on investments of the product  
6 development funds, shall be deposited first, in the interest and  
7 sinking account as prescribed by the board's resolutions  
8 authorizing bonds under this subchapter and second, in any reserve  
9 account established by the board until that account is fully funded  
10 as prescribed by the board's resolutions. If, during the time any  
11 general obligation bonds are payable from the interest and sinking  
12 account, the board determines that there will not be sufficient  
13 money in the interest and sinking account during the following  
14 fiscal year to pay the principal of or interest on the general  
15 obligation bonds or both the principal and interest that are to  
16 come due during the following fiscal year, the comptroller of  
17 public accounts shall transfer to the fund the first money coming  
18 into the state treasury not otherwise appropriated by the  
19 constitution in an amount sufficient to pay the obligations.

20 (b) The bonds may be issued from time to time in one or more  
21 series or issues, in bearer, registered, or any other form, which  
22 may include registered uncertificated obligations not represented  
23 by written instruments and commonly known as book-entry  
24 obligations, the registration of ownership and transfer of which  
25 shall be provided for by the board under a system of books and  
26 records maintained by the department or by an agent appointed by  
27 the board in a resolution providing for issuance of its bonds.  
28 Bonds may mature serially or otherwise not more than 40 years from  
29 their date. Bonds may bear no interest or may bear interest at any  
30 rate or rates, fixed, variable, floating, or otherwise, determined  
31 by the board or determined pursuant to any contractual arrangements  
32 approved by the board, not to exceed the maximum net effective  
33 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
34 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
35 Statutes). Interest on the bonds may be payable at any time and  
36 the rate of interest on the bonds may be adjusted at any time  
37 determined by the board pursuant to the resolutions authorizing the  
38 bonds or determined pursuant to any contractual arrangement  
39 approved by the board. In connection with the issuance of its  
40 bonds, the board may exercise the powers granted to the governing  
41 body of an issuer in connection with the issuance of obligations  
42 under Chapter 656, Acts of the 68th Legislature, Regular Session,  
43 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
44 not inconsistent with this section. The bonds may be issued in the  
45 form and denominations and executed in the manner and under the  
46 terms, conditions, and details determined by the board in the  
47 resolution authorizing their issuance. If any officer whose manual  
48 or facsimile signature appears on the bonds ceases to be an  
49 officer, the signature remains valid and sufficient for all  
50 purposes as if the officer had remained in office.

51 (c) All bonds issued by the board under this section are  
52 subject to review and approval by the attorney general in the same  
53 manner and with the same effect as is provided by Chapter 656, Acts  
54 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
55 Vernon's Texas Civil Statutes).

56 (d) The bonds are a legal and authorized investment for a  
57 bank, trust company, savings and loan association, insurance  
58 company, fiduciary, trustee, or guardian or a sinking fund of a  
59 municipality, county, school district, or political subdivision of  
60 the state. The bonds may secure deposits of public funds of the  
61 state, a municipality, a county, a school district, or another  
62 political corporation or subdivision of the state. The board may  
63 issue bonds to refund all or part of its outstanding bonds,  
64 including accrued but unpaid interest. The bonds, a transaction  
65 relating to the bonds, or a profit made in the sale of the bonds is  
66 exempt from taxation by the state, an agency or subdivision of the  
67 state, a municipality, or a special district.

68 (e) This section is contingent on the adoption of the  
69 constitutional amendment proposed by H.J.R. 51, Acts of the 71st  
70 Legislature, Regular Session, 1989. If that proposed

1 constitutional amendment is not approved by the voters, this  
2 section has no effect.

3 SECTION 3. Subchapter R, Chapter 481, Government Code, as  
4 added by S.B. 223, Acts of the 71st Legislature, Regular Session,  
5 1989, is amended by adding Section 481.244, to read as follows:

6 Sec. 481.244. BONDS. (a) The board may issue up to \$20  
7 million of general obligation bonds and may use the proceeds, less  
8 the costs of issuance of the bonds, to carry out the small business  
9 incubator program in accordance with the resolution authorizing the  
10 bonds. The board shall deposit the proceeds of the bonds in the  
11 small business incubator fund and apply them in accordance with the  
12 resolution authorizing the bonds. The fund and any accounts  
13 established in the fund shall be held in trust by the state  
14 treasurer for and on behalf of the department and the owners of the  
15 general obligation bonds issued in accordance with this section,  
16 and may be used only as provided by this subchapter. Pending use,  
17 the treasurer may invest and reinvest money in the fund in  
18 investments authorized by law for state funds that the treasurer,  
19 consistent with the board's resolutions authorizing the bonds,  
20 considers appropriate. Repayments of financial assistance provided  
21 under this subchapter, together with earnings received on  
22 investments of the fund, shall be deposited first, in the interest  
23 and sinking account as prescribed by the board's resolutions  
24 authorizing bonds under this article and second, in any reserve  
25 account established by the board until that account is fully funded  
26 as prescribed by the board's resolutions. If, during the time any  
27 general obligation bonds are payable from the interest and sinking  
28 account, the board determines that there will not be sufficient  
29 money in the interest and sinking account during the following  
30 fiscal year to pay the principal of or interest on the general  
31 obligation bonds or both the principal and interest that are to  
32 come due during the following fiscal year, the comptroller of  
33 public accounts shall transfer to the fund the first money coming  
34 into the state treasury not otherwise appropriated by the  
35 constitution in an amount sufficient to pay the obligations.

36 (b) The bonds may be issued from time to time in one or more  
37 series or issues, in bearer, registered, or any other form, which  
38 may include registered uncertificated obligations not represented  
39 by written instruments and commonly known as book-entry  
40 obligations, the registration of ownership and transfer of which  
41 shall be provided for by the board under a system of books and  
42 records maintained by the department or by an agent appointed by  
43 the board in a resolution providing for issuance of its bonds.  
44 Bonds may mature serially or otherwise not more than 40 years from  
45 their date. Bonds may bear no interest or may bear interest at any  
46 rate or rates, fixed, variable, floating, or otherwise, determined  
47 by the board or determined pursuant to any contractual arrangements  
48 approved by the board, not to exceed the maximum net effective  
49 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
50 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
51 Statutes). Interest on the bonds may be payable at any time and  
52 the rate of interest on the bonds may be adjusted at any time  
53 determined by the board pursuant to the resolutions authorizing the  
54 bonds or determined pursuant to any contractual arrangement  
55 approved by the board. In connection with the issuance of its  
56 bonds, the board may exercise the powers granted to the governing  
57 body of an issuer in connection with the issuance of obligations  
58 under Chapter 656, Acts of the 68th Legislature, Regular Session,  
59 1983 (Article 717g, Vernon's Texas Civil Statutes), to the extent  
60 not inconsistent with this section. The bonds may be issued in the  
61 form and denominations and executed in the manner and under the  
62 terms, conditions, and details determined by the board in the  
63 resolution authorizing their issuance. If any officer whose manual  
64 or facsimile signature appears on the bonds ceases to be an  
65 officer, the signature remains valid and sufficient for all  
66 purposes as if the officer had remained in office.

67 (c) All bonds issued by the board under this section are  
68 subject to review and approval by the attorney general in the same  
69 manner and with the same effect as is provided by Chapter 656, Acts  
70 of the 68th Legislature, Regular Session, 1983 (Article 717g,

1 Vernon's Texas Civil Statutes).

2 (d) The bonds are a legal and authorized investment for a  
3 bank, trust company, savings and loan association, insurance  
4 company, fiduciary, trustee, or guardian or a sinking fund of a  
5 municipality, county, school district, or political subdivision of  
6 the state. The bonds may secure deposits of public funds of the  
7 state, a municipality, a county, a school district, or another  
8 political corporation or subdivision of the state. The department  
9 may issue bonds to refund all or part of its outstanding bonds,  
10 including accrued but unpaid interest. The bonds, a transaction  
11 relating to the bonds, or a profit made in the sale of the bonds is  
12 exempt from taxation by the state, an agency or subdivision of the  
13 state, a municipality, or a special district.

14 (e) This section is contingent on the adoption of the  
15 constitutional amendment proposed by H.J.R. 51, Acts of the 71st  
16 Legislature, Regular Session, 1989. If that proposed  
17 constitutional amendment is not approved by the voters, this  
18 section has no effect.

19 SECTION 4. At its initial meeting the members of the Product  
20 Commercialization Advisory Board shall draw lots to determine which  
21 members serve terms expiring February 1, 1991, and which serve  
22 terms expiring February 1, 1992.

23 SECTION 5. This Act takes effect September 1, 1989.

24 SECTION 6. The importance of this legislation and the  
25 crowded condition of the calendars in both houses create an  
26 emergency and an imperative public necessity that the  
27 constitutional rule requiring bills to be read on three several  
28 days in each house be suspended, and this rule is hereby suspended.

29 \* \* \* \* \*

30 Austin, Texas  
31 May 12, 1989

32 Hon. William P. Hobby  
33 President of the Senate

34 Sir:

35 We, your Committee on State Affairs to which was referred H.B. No.  
36 362, have had the same under consideration, and I am instructed to  
37 report it back to the Senate with the recommendation that it do not  
38 pass, but that the Committee Substitute adopted in lieu thereof do  
39 pass and be printed.

40 Montford, Chairman

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

May 5, 1989

TO: Honorable John T. Montford, Chairman  
Committee on State Affairs  
Senate Chamber  
Austin, Texas

In Re: House Bill No. 362,  
as engrossed,  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362, as engrossed (relating to the commercialization of new and improved products; creating the product commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, PA

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 29, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: Committee Substitute for  
House Bill No. 362

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, CKM

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

RECEIVED FEB 9 1989

February 8, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: House Bill No. 362  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and establish an Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund.

The cost of administering the loan fund is based on the \$5 million appropriation. The loan fund may not be used for administrative purposes.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, BL

**ADOPTED**

MAY 20 1989

*Letting*  
Secretary of the Senate

R

By Williamson

H.B. No. 362

Substitute the following for H.B. No. 362:

By

*Green*

C.S.H.B. No. 362

A BILL TO BE ENTITLED

AN ACT

~~INSERTED~~  
relating to the commercialization of new and improved products;  
creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 481, Government Code, as added by S.B. No. 223, Acts of the 71st Legislature, Regular Session, 1989, is amended by adding Subchapter U to read as follows:

SUBCHAPTER U. PRODUCT COMMERCIALIZATION

Sec. 481.291. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the Product Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 481.292. ADMINISTRATION. The Office of Advanced Technology shall implement this subchapter as directed by the board.

Sec. 481.293. FUND. (a) The product commercialization fund is a fund in the state treasury. The fund consists of appropriations, transfers, loan payments, and interest received on loans made under this subchapter, gifts, donations, fees, grants, and any other money received under this subchapter. The department may accept funds from any source to carry out the purposes of this subchapter.

(b) Money in the fund may be used for making loans under



1 this subchapter and for administrative expenses relating to the  
2 fund.

3 Sec. 481.294. LOANS. (a) The department may make loans to  
4 finance the commercialization of new or improved products or  
5 processes for which financing is not reasonably available from  
6 private sources.

7 (b) On recommendation of the advisory board, the department  
8 shall adopt rules establishing limits on the amount of each loan  
9 and otherwise governing the terms and conditions of the loans,  
10 specifically including requirements for appropriate security or  
11 collateral and the rights and remedies of the department in the  
12 event of a default on an obligation under the loan. Such rules  
13 shall include a requirement that borrowers shall report to the  
14 department and the advisory board on the use of money distributed  
15 through this fund.

16 (c) An application for a loan must be in the form prescribed  
17 by the department based on the recommendations of the advisory  
18 board.

19 (d) In connection with any loan made subject to this  
20 subchapter, the department may enter into an agreement with the  
21 applicant under which the department obtains royalties, patent  
22 rights, equitable interests, or a combination of these royalties,  
23 rights, and interests, from or in the product or proceeds of the  
24 product for which a loan is requested. Such agreements must  
25 include provisions to ensure proper use of funds and the receipt of  
26 royalties, patent rights, or equity interest, as appropriate.

27 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan

1 may be made under this subchapter only to finance a project  
2 approved by the advisory board and the department.

3 (b) In determining eligible projects, the advisory board and  
4 the department shall give special preference to projects that have  
5 the greatest likelihood of commercial success, specifically  
6 including but not limited to projects in the areas of agriculture,  
7 biotechnology, biomedicine, energy, materials science,  
8 microelectronics, aerospace, marine science, aquaculture,  
9 telecommunications, manufacturing science, and other priority  
10 research areas as provided in Section 143.003, Education Code. The  
11 department and the advisory board further shall give consideration  
12 to grantees under the small business innovation research program  
13 established under 15 U.S.C. Section 638 as well as to Texas  
14 companies formed to commercialize research funded at least in part  
15 with state funds.

16 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
17 relating to a product or process and the application or use of a  
18 product or process, and technological and scientific information,  
19 including computer programs, developed in whole or part by an  
20 applicant for or recipient of a loan, is confidential and is not  
21 subject to disclosure under state law or otherwise, regardless of  
22 whether the product is patentable or capable of being registered  
23 under copyright or trademark laws, or has a potential for being  
24 sold, traded, or licensed for a fee. However, nothing in this  
25 subchapter shall prevent or restrict the Office of Advanced  
26 Technology or the advisory board from obtaining information  
27 relating to a product or process from an applicant or recipient of

1 a loan under this subchapter.

2 Sec. 481.297. ADVISORY BOARD. (a) The Product  
3 Commercialization Advisory Board is composed of:

4 (1) one representative of the Texas Higher Education  
5 Coordinating Board selected by the Texas Higher Education  
6 Coordinating Board; and

7 (2) six persons appointed by the governor with the  
8 advice and consent of the senate.

9 (b) In appointing members of the advisory board, the  
10 governor may appoint persons having significant business leadership  
11 experience with emerging technologies, particularly experience with  
12 the transfer of research results into commercial application.

13 (c) Members of the advisory board serve two-year staggered  
14 terms with the terms of four members expiring February 1 of each  
15 odd-numbered year and the terms of three members expiring February  
16 1 of each even-numbered year.

17 (d) The governor shall appoint the advisory board's chairman  
18 from among its members.

19 Sec. 481.298. PROGRAM COORDINATION. The department may  
20 coordinate the administration and funding of the programs  
21 established pursuant to Subchapter Q and this subchapter.

22 SECTION 2. Subchapter Q, Chapter 481, Government Code, as  
23 added by S.B. 223, Acts of the 71st Legislature, Regular Session,  
24 1989, is amended by adding Section 481.226 as follows:

25 Sec. 481.226. BONDS. (a) The board may issue up to \$25  
26 million of general obligation bonds and may use the proceeds of the  
27 bonds to provide venture financing under this subchapter. The

1 board shall deposit the proceeds of the bonds in the Texas product  
2 development fund and apply them in accordance with the resolution  
3 authorizing the bonds. The fund and any accounts established in  
4 the fund shall be held in trust by the state treasurer for and on  
5 behalf of the department and the owners of the general obligation  
6 bonds issued in accordance with this section, and may be used only  
7 as provided by this section. Pending use, the treasurer may invest  
8 and reinvest money in the fund in investments authorized by law for  
9 state funds that the treasurer, consistent with the board's  
10 resolutions authorizing the bonds, considers appropriate.  
11 Repayments of financial assistance provided under this subchapter,  
12 together with earnings received on investments of the product  
13 development funds, shall be deposited first, in the interest and  
14 sinking account as prescribed by the board's resolutions  
15 authorizing bonds under this subchapter and second, in any reserve  
16 account established by the board until that account is fully funded  
17 as prescribed by the board's resolutions. If, during the time any  
18 general obligation bonds are payable from the interest and sinking  
19 account, the board determines that there will not be sufficient  
20 money in the interest and sinking account during the following  
21 fiscal year to pay the principal of or interest on the general  
22 obligation bonds or both the principal and interest that are to  
23 come due during the following fiscal year, the comptroller of  
24 public accounts shall transfer to the fund the first money coming  
25 into the state treasury not otherwise appropriated by the  
26 constitution in an amount sufficient to pay the obligations.

27 (b) The bonds may be issued from time to time in one or more

1 series or issues, in bearer, registered, or any other form, which  
2 may include registered uncertificated obligations not represented  
3 by written instruments and commonly known as book-entry  
4 obligations, the registration of ownership and transfer of which  
5 shall be provided for by the board under a system of books and  
6 records maintained by the department or by an agent appointed by  
7 the board in a resolution providing for issuance of its bonds.  
8 Bonds may mature serially or otherwise not more than 40 years from  
9 their date. Bonds may bear no interest or may bear interest at any  
10 rate or rates, fixed, variable, floating, or otherwise, determined  
11 by the board or determined pursuant to any contractual arrangements  
12 approved by the board, not to exceed the maximum net effective  
13 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
14 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
15 Statutes). Interest on the bonds may be payable at any time and  
16 the rate of interest on the bonds may be adjusted at any time  
17 determined by the board pursuant to the resolutions authorizing the  
18 bonds or determined pursuant to any contractual arrangement  
19 approved by the board. In connection with the issuance of its  
20 bonds, the board may exercise the powers granted to the governing  
21 body of an issuer in connection with the issuance of obligations  
22 under Chapter 656, Acts of the 68th Legislature, Regular Session,  
23 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
24 not inconsistent with this section. The bonds may be issued in the  
25 form and denominations and executed in the manner and under the  
26 terms, conditions, and details determined by the board in the  
27 resolution authorizing their issuance. If any officer whose manual

1 or facsimile signature appears on the bonds ceases to be an  
2 officer, the signature remains valid and sufficient for all  
3 purposes as if the officer had remained in office.

4 (c) All bonds issued by the board under this section are  
5 subject to review and approval by the attorney general in the same  
6 manner and with the same effect as is provided by Chapter 656, Acts  
7 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
8 Vernon's Texas Civil Statutes).

9 (d) The bonds are a legal and authorized investment for a  
10 bank, trust company, savings and loan association, insurance  
11 company, fiduciary, trustee, or guardian or a sinking fund of a  
12 municipality, county, school district, or political subdivision of  
13 the state. The bonds may secure deposits of public funds of the  
14 state, a municipality, a county, a school district, or another  
15 political corporation or subdivision of the state. The board may  
16 issue bonds to refund all or part of its outstanding bonds,  
17 including accrued but unpaid interest. The bonds, a transaction  
18 relating to the bonds, or a profit made in the sale of the bonds is  
19 exempt from taxation by the state, an agency or subdivision of the  
20 state, a municipality, or a special district.

21 (e) This section is contingent on the adoption of the  
22 constitutional amendment proposed by H.J.R. 51, Acts of the 71st  
23 Legislature, Regular Session, 1989. If that proposed  
24 constitutional amendment is not approved by the voters, this  
25 section has no effect.

26 SECTION 3. Subchapter R, Chapter 481, Government Code, as  
27 added by S.B. 223, Acts of the 71st Legislature, Regular Session,

1 1989, is amended by adding Section 481.244, to read as follows:

2       Sec. 481.244. BONDS. (a) The board may issue up to \$20  
3 million of general obligation bonds and may use the proceeds, less  
4 the costs of issuance of the bonds, to carry out the small business  
5 incubator program in accordance with the resolution authorizing the  
6 bonds. The board shall deposit the proceeds of the bonds in the  
7 small business incubator fund and apply them in accordance with the  
8 resolution authorizing the bonds. The fund and any accounts  
9 established in the fund shall be held in trust by the state  
10 treasurer for and on behalf of the department and the owners of the  
11 general obligation bonds issued in accordance with this section,  
12 and may be used only as provided by this subchapter. Pending use,  
13 the treasurer may invest and reinvest money in the fund in  
14 investments authorized by law for state funds that the treasurer,  
15 consistent with the board's resolutions authorizing the bonds,  
16 considers appropriate. Repayments of financial assistance provided  
17 under this subchapter, together with earnings received on  
18 investments of the fund, shall be deposited first, in the interest  
19 and sinking account as prescribed by the board's resolutions  
20 authorizing bonds under this article and second, in any reserve  
21 account established by the board until that account is fully funded  
22 as prescribed by the board's resolutions. If, during the time any  
23 general obligation bonds are payable from the interest and sinking  
24 account, the board determines that there will not be sufficient  
25 money in the interest and sinking account during the following  
26 fiscal year to pay the principal of or interest on the general  
27 obligation bonds or both the principal and interest that are to

1 come due during the following fiscal year, the comptroller of  
2 public accounts shall transfer to the fund the first money coming  
3 into the state treasury not otherwise appropriated by the  
4 constitution in an amount sufficient to pay the obligations.

5 (b) The bonds may be issued from time to time in one or more  
6 series or issues, in bearer, registered, or any other form, which  
7 may include registered uncertificated obligations not represented  
8 by written instruments and commonly known as book-entry  
9 obligations, the registration of ownership and transfer of which  
10 shall be provided for by the board under a system of books and  
11 records maintained by the department or by an agent appointed by  
12 the board in a resolution providing for issuance of its bonds.  
13 Bonds may mature serially or otherwise not more than 40 years from  
14 their date. Bonds may bear no interest or may bear interest at any  
15 rate or rates, fixed, variable, floating, or otherwise, determined  
16 by the board or determined pursuant to any contractual arrangements  
17 approved by the board, not to exceed the maximum net effective  
18 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
19 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
20 Statutes). Interest on the bonds may be payable at any time and  
21 the rate of interest on the bonds may be adjusted at any time  
22 determined by the board pursuant to the resolutions authorizing the  
23 bonds or determined pursuant to any contractual arrangement  
24 approved by the board. In connection with the issuance of its  
25 bonds, the board may exercise the powers granted to the governing  
26 body of an issuer in connection with the issuance of obligations  
27 under Chapter 656, Acts of the 68th Legislature, Regular Session,



1 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
2 not inconsistent with this section. The bonds may be issued in the  
3 form and denominations and executed in the manner and under the  
4 terms, conditions, and details determined by the board in the  
5 resolution authorizing their issuance. If any officer whose manual  
6 or facsimile signature appears on the bonds ceases to be an  
7 officer, the signature remains valid and sufficient for all  
8 purposes as if the officer had remained in office.

9 (c) All bonds issued by the board under this section are  
10 subject to review and approval by the attorney general in the same  
11 manner and with the same effect as is provided by Chapter 656, Acts  
12 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
13 Vernon's Texas Civil Statutes).

14 (d) The bonds are a legal and authorized investment for a  
15 bank, trust company, savings and loan association, insurance  
16 company, fiduciary, trustee, or guardian or a sinking fund of a  
17 municipality, county, school district, or political subdivision of  
18 the state. The bonds may secure deposits of public funds of the  
19 state, a municipality, a county, a school district, or another  
20 political corporation or subdivision of the state. The department  
21 may issue bonds to refund all or part of its outstanding bonds,  
22 including accrued but unpaid interest. The bonds, a transaction  
23 relating to the bonds, or a profit made in the sale of the bonds is  
24 exempt from taxation by the state, an agency or subdivision of the  
25 state, a municipality, or a special district.

26 (e) This section is contingent on the adoption of the  
27 constitutional amendment proposed by H.J.R. 51, Acts of the 71st

1 Legislature, Regular Session, 1989. If that proposed  
2 constitutional amendment is not approved by the voters, this  
3 section has no effect.

4 SECTION 4. At its initial meeting the members of the Product  
5 Commercialization Advisory Board shall draw lots to determine which  
6 members serve terms expiring February 1, 1991, and which serve  
7 terms expiring February 1, 1992.

8 SECTION 5. This Act takes effect September 1, 1989.

9 SECTION 6. The importance of this legislation and the  
10 crowded condition of the calendars in both houses create an  
11 emergency and an imperative public necessity that the  
12 constitutional rule requiring bills to be read on three several  
13 days in each house be suspended, and this rule is hereby suspended.

# SENATE AMENDMENTS

2nd Printing

89 MAY 20 PM 6:20  
HOUSE OF REPRESENTATIVES

By Williamson

H.B. No. 362

A BILL TO BE ENTITLED

AN ACT

relating to the commercialization of new and improved products;  
creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The Texas Department of Commerce Act (Article  
4413(301), Vernon's Texas Civil Statutes) is amended by adding  
Article 18 to read as follows:

## ARTICLE 18. PRODUCT COMMERCIALIZATION

Sec. 18.001. DEFINITIONS. In this article:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 18.002. ADMINISTRATION. The Office of Advanced  
Technology shall implement this article as directed by the board.

Sec. 18.003. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments and interest received on  
loans made under this article, gifts, donations, fees, grants, and  
any other money received under this article. The department may  
accept funds from any source to carry out the purposes of this  
article.

(b) Money in the fund may be used for making loans under  
this article and for administrative expenses relating to the fund.

1       Sec. 18.004. LOANS. (a) The department may make loans to  
2       finance the commercialization of new or improved products or  
3       processes for which financing is not reasonably available from  
4       private sources.

5       (b) The advisory board shall adopt rules establishing limits  
6       on the amount of each loan and otherwise governing the terms and  
7       conditions of the loans, specifically including requirements for  
8       appropriate security or collateral and the rights and remedies of  
9       the department in the event of a default on the loan. Such rules  
10       shall include a requirement that borrowers shall report to the  
11       advisory board on the use of money distributed through this fund.

12       (c) An application for a loan must be in the form prescribed  
13       by the advisory board.

14       (d) In connection with any loan made subject to this  
15       article, the department may enter into an agreement with the  
16       applicant under which the department obtains royalties, patent  
17       rights, equitable interests, or a combination of these royalties,  
18       rights, and interests, from or in the product or proceeds of the  
19       product for which a loan is requested. Such agreements must  
20       include provisions to ensure proper use of funds and the receipt of  
21       royalties, patent rights, or equity interest, as appropriate.

22       Sec. 18.005. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
23       may be made under this article only to finance a project approved  
24       by the advisory board and the board.

25       (b) In determining eligible projects the advisory board and  
26       the board shall give special preference to projects that have the  
27       greatest likelihood of commercial success, specifically including

1 but not limited to projects in the areas of agriculture,  
 2 biotechnology, biomedicine, energy, materials science,  
 3 microelectronics, aerospace, marine science, aquaculture,  
 4 telecommunications, manufacturing science, and other priority  
 5 research areas as provided in Section 143.003, Education Code. The  
 6 advisory board further shall give consideration to grantees under  
 7 the small business innovation research program established under 15  
 8 U.S.C. Section 638 as well as to Texas companies formed to  
 9 commercialize research funded at least in part with state funds.

10 Sec. 18.006. INFORMATION CONFIDENTIAL. Information relating  
 11 to a product or process and the application or use of a product or  
 12 process, and technological and scientific information, including  
 13 computer programs, developed in whole or part by an applicant for  
 14 or recipient of a loan, is confidential and is not subject to  
 15 disclosure under state law or otherwise, regardless of whether the  
 16 product is patentable or capable of being registered under  
 17 copyright or trademark laws, or has a potential for being sold,  
 18 traded, or licensed for a fee. However, nothing in this article  
 19 shall prevent or restrict the Office of Advanced Technology or the  
 20 advisory board from obtaining information relating to a product or  
 21 process from an applicant or recipient of a loan under this  
 22 article.

23 Sec. 18.007. ADVISORY BOARD. (a) The Product  
 24 Commercialization Advisory Board is composed of:

25 (1) one representative of the Texas Higher Education  
 26 Coordinating Board selected by the Texas Higher Education  
 27 Coordinating Board; and

1           (2) six persons appointed by the governor with the  
2 advice and consent of the senate.

3           (b) In appointing members of the advisory board, the  
4 governor may appoint persons having significant business leadership  
5 experience with emerging technologies, particularly experience with  
6 the transfer of research results into commercial application.

7           (c) Members of the advisory board serve two-year staggered  
8 terms with the terms of four members expiring February 1 of each  
9 odd-numbered year and the terms of three members expiring February  
10 1 of each even-numbered year.

11           (d) The governor shall appoint the advisory board's chairman  
12 from among its members.

13           SECTION 2. Chapter 481, Government Code, is amended by  
14 adding Subchapter U to read as follows:

15           SUBCHAPTER U. PRODUCT COMMERCIALIZATION

16           Sec. 481.291. DEFINITIONS. In this subchapter:

17           (1) "Advisory board" means the Product  
18 Commercialization Advisory Board.

19           (2) "Fund" means the product commercialization fund.

20           (3) "Office" means the Office of Advanced Technology.

21           Sec. 481.292. ADMINISTRATION. The Office of Advanced  
22 Technology shall implement this subchapter as directed by the  
23 board.

24           Sec. 481.293. FUND. (a) The product commercialization fund  
25 is a fund in the state treasury. The fund consists of  
26 appropriations, transfers, loan payments and interest received on  
27 loans made under this subchapter, gifts, donations, fees, grants,

1 and any other money received under this subchapter. The department  
2 may accept funds from any source to carry out the purposes of this  
3 subchapter.

4 (b) Money in the fund may be used for making loans under  
5 this subchapter and for administrative expenses relating to the  
6 fund.

7 Sec. 481.294. LOANS. (a) The department may make loans to  
8 finance the commercialization of new or improved products or  
9 processes for which financing is not reasonably available from  
10 private sources.

11 (b) The advisory board shall adopt rules establishing limits  
12 on the amount of each loan and otherwise governing the terms and  
13 conditions of the loans, specifically including requirements for  
14 appropriate security or collateral and the rights and remedies of  
15 the department in the event of a default on an obligation under the  
16 loan. Such rules shall include a requirement that borrowers shall  
17 report to the advisory board on the use of money distributed  
18 through this fund.

19 (c) An application for a loan must be in the form prescribed  
20 by the advisory board.

21 (d) In connection with any loan made subject to this  
22 subchapter, the department may enter into an agreement with the  
23 applicant under which the department obtains royalties, patent  
24 rights, equitable interests, or a combination of these royalties,  
25 rights, and interests, from or in the product or proceeds of the  
26 product for which a loan is requested. Such agreements must  
27 include provisions to ensure proper use of funds and the receipt of

1 royalties, patent rights, or equity interest, as appropriate.

2 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan  
3 may be made under this subchapter only to finance a project  
4 approved by the advisory board and the board.

5 (b) In determining eligible projects the advisory board and  
6 the board shall give special preference to projects that have the  
7 greatest likelihood of commercial success, specifically including  
8 but not limited to projects in the areas of agriculture,  
9 biotechnology, biomedicine, energy, materials science,  
10 microelectronics, aerospace, marine science, aquaculture,  
11 telecommunications, manufacturing science, and other priority  
12 research areas as provided in Section 143.003, Education Code. The  
13 advisory board further shall give consideration to grantees under  
14 the small business innovation research program established under 15  
15 U.S.C. Section 638 as well as to Texas companies formed to  
16 commercialize research funded at least in part with state funds.

17 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
18 relating to a product or process and the application or use of a  
19 product or process, and technological and scientific information,  
20 including computer programs, developed in whole or part by an  
21 applicant for or recipient of a loan, is confidential and is not  
22 subject to disclosure under state law or otherwise, regardless of  
23 whether the product is patentable or capable of being registered  
24 under copyright or trademark laws, or has a potential for being  
25 sold, traded, or licensed for a fee. However, nothing in this  
26 subchapter shall prevent or restrict the Office of Advanced  
27 Technology or the advisory board from obtaining information



1 relating to a product or process from an applicant or recipient of  
2 a loan under this subchapter.

3 Sec. 481.297. ADVISORY BOARD. (a) The Product  
4 Commercialization Advisory Board is composed of:

5 (1) one representative of the Texas Higher Education  
6 Coordinating Board selected by the Texas Higher Education  
7 Coordinating Board; and

8 (2) six persons appointed by the governor with the  
9 advice and consent of the senate.

10 (b) In appointing members of the advisory board, the  
11 governor may appoint persons having significant business leadership  
12 experience with emerging technologies, particularly experience with  
13 the transfer of research results into commercial application.

14 (c) Members of the advisory board serve two-year staggered  
15 terms with the terms of four members expiring February 1 of each  
16 odd-numbered year and the terms of three members expiring February  
17 1 of each even-numbered year.

18 (d) The governor shall appoint the advisory board's chairman  
19 from among its members.

20 SECTION 3. At its initial meeting the members of the Product  
21 Commercialization Advisory Board shall draw lots to determine which  
22 members serve terms expiring February 1, 1991, and which serve  
23 terms expiring February 1, 1992.

24 SECTION 4. (a) Except as provided by Subsections (b) and  
25 (c) of this section, this Act takes effect September 1, 1989.

26 (b) If the 71st Legislature codifies the Texas Department of  
27 Commerce Act (Article 4413(301), Vernon's Texas Civil Statutes) as

1 part of Title 4, Government Code, Section 1 of this Act does not  
2 take effect.

3 (c) If the 71st Legislature does not codify the Texas  
4 Department of Commerce Act (Article 4413(301), Vernon's Texas Civil  
5 Statutes) as part of Title 4, Government Code, Section 2 of this  
6 Act does not take effect.

7 SECTION 5. The importance of this legislation and the  
8 crowded condition of the calendars in both houses create an  
9 emergency and an imperative public necessity that the  
10 constitutional rule requiring bills to be read on three several  
11 days in each house be suspended, and this rule is hereby suspended.

**ADOPTED**

MAY 20 1989

*Laty King*  
Secretary of the Senate

By Williamson

H.B. No. 362

Substitute the following for H.B. No. 362:

By *Green*

C.S.H.B. No. 362

A BILL TO BE ENTITLED

AN ACT

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creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 481, Government Code, as added by S.B.  
No. 223, Acts of the 71st Legislature, Regular Session, 1989, is  
amended by adding Subchapter U to read as follows:

SUBCHAPTER U. PRODUCT COMMERCIALIZATION

Sec. 481.291. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 481.292. ADMINISTRATION. The Office of Advanced  
Technology shall implement this subchapter as directed by the  
board.

Sec. 481.293. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments, and interest received on  
loans made under this subchapter, gifts, donations, fees, grants,  
and any other money received under this subchapter. The department  
may accept funds from any source to carry out the purposes of this  
subchapter.

(b) Money in the fund may be used for making loans under

1 this subchapter and for administrative expenses relating to the  
2 fund.

3 Sec. 481.294. LOANS. (a) The department may make loans to  
4 finance the commercialization of new or improved products or  
5 processes for which financing is not reasonably available from  
6 private sources.

7 (b) On recommendation of the advisory board, the department  
8 shall adopt rules establishing limits on the amount of each loan  
9 and otherwise governing the terms and conditions of the loans,  
10 specifically including requirements for appropriate security or  
11 collateral and the rights and remedies of the department in the  
12 event of a default on an obligation under the loan. Such rules  
13 shall include a requirement that borrowers shall report to the  
14 department and the advisory board on the use of money distributed  
15 through this fund.

16 (c) An application for a loan must be in the form prescribed  
17 by the department based on the recommendations of the advisory  
18 board.

19 (d) In connection with any loan made subject to this  
20 subchapter, the department may enter into an agreement with the  
21 applicant under which the department obtains royalties, patent  
22 rights, equitable interests, or a combination of these royalties,  
23 rights, and interests, from or in the product or proceeds of the  
24 product for which a loan is requested. Such agreements must  
25 include provisions to ensure proper use of funds and the receipt of  
26 royalties, patent rights, or equity interest, as appropriate.

27 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan

1 may be made under this subchapter only to finance a project  
2 approved by the advisory board and the department.

3 (b) In determining eligible projects, the advisory board and  
4 the department shall give special preference to projects that have  
5 the greatest likelihood of commercial success, specifically  
6 including but not limited to projects in the areas of agriculture,  
7 biotechnology, biomedicine, energy, materials science,  
8 microelectronics, aerospace, marine science, aquaculture,  
9 telecommunications, manufacturing science, and other priority  
10 research areas as provided in Section 143.003, Education Code. The  
11 department and the advisory board further shall give consideration  
12 to grantees under the small business innovation research program  
13 established under 15 U.S.C. Section 638 as well as to Texas  
14 companies formed to commercialize research funded at least in part  
15 with state funds.

16 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
17 relating to a product or process and the application or use of a  
18 product or process, and technological and scientific information,  
19 including computer programs, developed in whole or part by an  
20 applicant for or recipient of a loan, is confidential and is not  
21 subject to disclosure under state law or otherwise, regardless of  
22 whether the product is patentable or capable of being registered  
23 under copyright or trademark laws, or has a potential for being  
24 sold, traded, or licensed for a fee. However, nothing in this  
25 subchapter shall prevent or restrict the Office of Advanced  
26 Technology or the advisory board from obtaining information  
27 relating to a product or process from an applicant or recipient of

1 a loan under this subchapter.

2 Sec. 481.297. ADVISORY BOARD. (a) The Product  
3 Commercialization Advisory Board is composed of:

4 (1) one representative of the Texas Higher Education  
5 Coordinating Board selected by the Texas Higher Education  
6 Coordinating Board; and

7 (2) six persons appointed by the governor with the  
8 advice and consent of the senate.

9 (b) In appointing members of the advisory board, the  
10 governor may appoint persons having significant business leadership  
11 experience with emerging technologies, particularly experience with  
12 the transfer of research results into commercial application.

13 (c) Members of the advisory board serve two-year staggered  
14 terms with the terms of four members expiring February 1 of each  
15 odd-numbered year and the terms of three members expiring February  
16 1 of each even-numbered year.

17 (d) The governor shall appoint the advisory board's chairman  
18 from among its members.

19 Sec. 481.298. PROGRAM COORDINATION. The department may  
20 coordinate the administration and funding of the programs  
21 established pursuant to Subchapter Q and this subchapter.

22 SECTION 2. Subchapter Q, Chapter 481, Government Code, as  
23 added by S.B. 223, Acts of the 71st Legislature, Regular Session,  
24 1989, is amended by adding Section 481.226 as follows:

25 Sec. 481.226. BONDS. (a) The board may issue up to \$25  
26 million of general obligation bonds and may use the proceeds of the  
27 bonds to provide venture financing under this subchapter. The

1 board shall deposit the proceeds of the bonds in the Texas product  
2 development fund and apply them in accordance with the resolution  
3 authorizing the bonds. The fund and any accounts established in  
4 the fund shall be held in trust by the state treasurer for and on  
5 behalf of the department and the owners of the general obligation  
6 bonds issued in accordance with this section, and may be used only  
7 as provided by this section. Pending use, the treasurer may invest  
8 and reinvest money in the fund in investments authorized by law for  
9 state funds that the treasurer, consistent with the board's  
10 resolutions authorizing the bonds, considers appropriate.  
11 Repayments of financial assistance provided under this subchapter,  
12 together with earnings received on investments of the product  
13 development funds, shall be deposited first, in the interest and  
14 sinking account as prescribed by the board's resolutions  
15 authorizing bonds under this subchapter and second, in any reserve  
16 account established by the board until that account is fully funded  
17 as prescribed by the board's resolutions. If, during the time any  
18 general obligation bonds are payable from the interest and sinking  
19 account, the board determines that there will not be sufficient  
20 money in the interest and sinking account during the following  
21 fiscal year to pay the principal of or interest on the general  
22 obligation bonds or both the principal and interest that are to  
23 come due during the following fiscal year, the comptroller of  
24 public accounts shall transfer to the fund the first money coming  
25 into the state treasury not otherwise appropriated by the  
26 constitution in an amount sufficient to pay the obligations.

27 (b) The bonds may be issued from time to time in one or more

1 series or issues, in bearer, registered, or any other form, which  
2 may include registered uncertificated obligations not represented  
3 by written instruments and commonly known as book-entry  
4 obligations, the registration of ownership and transfer of which  
5 shall be provided for by the board under a system of books and  
6 records maintained by the department or by an agent appointed by  
7 the board in a resolution providing for issuance of its bonds.  
8 Bonds may mature serially or otherwise not more than 40 years from  
9 their date. Bonds may bear no interest or may bear interest at any  
10 rate or rates, fixed, variable, floating, or otherwise, determined  
11 by the board or determined pursuant to any contractual arrangements  
12 approved by the board, not to exceed the maximum net effective  
13 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
14 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
15 Statutes). Interest on the bonds may be payable at any time and  
16 the rate of interest on the bonds may be adjusted at any time  
17 determined by the board pursuant to the resolutions authorizing the  
18 bonds or determined pursuant to any contractual arrangement  
19 approved by the board. In connection with the issuance of its  
20 bonds, the board may exercise the powers granted to the governing  
21 body of an issuer in connection with the issuance of obligations  
22 under Chapter 656, Acts of the 68th Legislature, Regular Session,  
23 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
24 not inconsistent with this section. The bonds may be issued in the  
25 form and denominations and executed in the manner and under the  
26 terms, conditions, and details determined by the board in the  
27 resolution authorizing their issuance. If any officer whose manual



1 or facsimile signature appears on the bonds ceases to be an  
2 officer, the signature remains valid and sufficient for all  
3 purposes as if the officer had remained in office.

4 (c) All bonds issued by the board under this section are  
5 subject to review and approval by the attorney general in the same  
6 manner and with the same effect as is provided by Chapter 656, Acts  
7 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
8 Vernon's Texas Civil Statutes).

9 (d) The bonds are a legal and authorized investment for a  
10 bank, trust company, savings and loan association, insurance  
11 company, fiduciary, trustee, or guardian or a sinking fund of a  
12 municipality, county, school district, or political subdivision of  
13 the state. The bonds may secure deposits of public funds of the  
14 state, a municipality, a county, a school district, or another  
15 political corporation or subdivision of the state. The board may  
16 issue bonds to refund all or part of its outstanding bonds,  
17 including accrued but unpaid interest. The bonds, a transaction  
18 relating to the bonds, or a profit made in the sale of the bonds is  
19 exempt from taxation by the state, an agency or subdivision of the  
20 state, a municipality, or a special district.

21 (e) This section is contingent on the adoption of the  
22 constitutional amendment proposed by H.J.R. 51, Acts of the 71st  
23 Legislature, Regular Session, 1989. If that proposed  
24 constitutional amendment is not approved by the voters, this  
25 section has no effect.

26 SECTION 3. Subchapter R, Chapter 481, Government Code, as  
27 added by S.B. 223, Acts of the 71st Legislature, Regular Session,

1 1989, is amended by adding Section 481.244, to read as follows:

2       Sec. 481.244. BONDS. (a) The board may issue up to \$20  
3 million of general obligation bonds and may use the proceeds, less  
4 the costs of issuance of the bonds, to carry out the small business  
5 incubator program in accordance with the resolution authorizing the  
6 bonds. The board shall deposit the proceeds of the bonds in the  
7 small business incubator fund and apply them in accordance with the  
8 resolution authorizing the bonds. The fund and any accounts  
9 established in the fund shall be held in trust by the state  
10 treasurer for and on behalf of the department and the owners of the  
11 general obligation bonds issued in accordance with this section,  
12 and may be used only as provided by this subchapter. Pending use,  
13 the treasurer may invest and reinvest money in the fund in  
14 investments authorized by law for state funds that the treasurer,  
15 consistent with the board's resolutions authorizing the bonds,  
16 considers appropriate. Repayments of financial assistance provided  
17 under this subchapter, together with earnings received on  
18 investments of the fund, shall be deposited first, in the interest  
19 and sinking account as prescribed by the board's resolutions  
20 authorizing bonds under this article and second, in any reserve  
21 account established by the board until that account is fully funded  
22 as prescribed by the board's resolutions. If, during the time any  
23 general obligation bonds are payable from the interest and sinking  
24 account, the board determines that there will not be sufficient  
25 money in the interest and sinking account during the following  
26 fiscal year to pay the principal of or interest on the general  
27 obligation bonds or both the principal and interest that are to

1 come due during the following fiscal year, the comptroller of  
2 public accounts shall transfer to the fund the first money coming  
3 into the state treasury not otherwise appropriated by the  
4 constitution in an amount sufficient to pay the obligations.

5 (b) The bonds may be issued from time to time in one or more  
6 series or issues, in bearer, registered, or any other form, which  
7 may include registered uncertificated obligations not represented  
8 by written instruments and commonly known as book-entry  
9 obligations, the registration of ownership and transfer of which  
10 shall be provided for by the board under a system of books and  
11 records maintained by the department or by an agent appointed by  
12 the board in a resolution providing for issuance of its bonds.  
13 Bonds may mature serially or otherwise not more than 40 years from  
14 their date. Bonds may bear no interest or may bear interest at any  
15 rate or rates, fixed, variable, floating, or otherwise, determined  
16 by the board or determined pursuant to any contractual arrangements  
17 approved by the board, not to exceed the maximum net effective  
18 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
19 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
20 Statutes). Interest on the bonds may be payable at any time and  
21 the rate of interest on the bonds may be adjusted at any time  
22 determined by the board pursuant to the resolutions authorizing the  
23 bonds or determined pursuant to any contractual arrangement  
24 approved by the board. In connection with the issuance of its  
25 bonds, the board may exercise the powers granted to the governing  
26 body of an issuer in connection with the issuance of obligations  
27 under Chapter 656, Acts of the 68th Legislature, Regular Session,

1 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
2 not inconsistent with this section. The bonds may be issued in the  
3 form and denominations and executed in the manner and under the  
4 terms, conditions, and details determined by the board in the  
5 resolution authorizing their issuance. If any officer whose manual  
6 or facsimile signature appears on the bonds ceases to be an  
7 officer, the signature remains valid and sufficient for all  
8 purposes as if the officer had remained in office.

9 (c) All bonds issued by the board under this section are  
10 subject to review and approval by the attorney general in the same  
11 manner and with the same effect as is provided by Chapter 656, Acts  
12 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
13 Vernon's Texas Civil Statutes).

14 (d) The bonds are a legal and authorized investment for a  
15 bank, trust company, savings and loan association, insurance  
16 company, fiduciary, trustee, or guardian or a sinking fund of a  
17 municipality, county, school district, or political subdivision of  
18 the state. The bonds may secure deposits of public funds of the  
19 state, a municipality, a county, a school district, or another  
20 political corporation or subdivision of the state. The department  
21 may issue bonds to refund all or part of its outstanding bonds,  
22 including accrued but unpaid interest. The bonds, a transaction  
23 relating to the bonds, or a profit made in the sale of the bonds is  
24 exempt from taxation by the state, an agency or subdivision of the  
25 state, a municipality, or a special district.

26 (e) This section is contingent on the adoption of the  
27 constitutional amendment proposed by H.J.R. 51, Acts of the 71st

1 Legislature, Regular Session, 1989. If that proposed  
2 constitutional amendment is not approved by the voters, this  
3 section has no effect.

4 SECTION 4. At its initial meeting the members of the Product  
5 Commercialization Advisory Board shall draw lots to determine which  
6 members serve terms expiring February 1, 1991, and which serve  
7 terms expiring February 1, 1992.

8 SECTION 5. This Act takes effect September 1, 1989.

9 SECTION 6. The importance of this legislation and the  
10 crowded condition of the calendars in both houses create an  
11 emergency and an imperative public necessity that the  
12 constitutional rule requiring bills to be read on three several  
13 days in each house be suspended, and this rule is hereby suspended.

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

May 5, 1989

TO: Honorable John T. Montford, Chairman  
Committee on State Affairs  
Senate Chamber  
Austin, Texas

In Re: House Bill No. 362,  
as engrossed,  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362, as engrossed (relating to the commercialization of new and improved products; creating the product commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, PA

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

March 29, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: Committee Substitute for  
House Bill No. 362

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on Committee Substitute for House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and designate the Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund. The loan fund may be used for administrative purposes.

The probable administrative cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Criminal Justice Policy Impact Statement: No change in the sanctions applicable to adults convicted of felony crimes is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, CKM

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE

RECEIVED FEB 9 1989

February 8, 1989

TO: Honorable Steven D. Wolens, Chair  
Committee on Business and Commerce  
House of Representatives  
Austin, Texas

In Re: House Bill No. 362  
By: Williamson

FROM: Jim Oliver, Director

In response to your request for a Fiscal Note on House Bill No. 362 (relating to the commercialization of new and improved products; creating the product development commercialization fund) this office has determined the following:

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would create a Product Commercialization Fund in the State Treasury and establish an Office of Advanced Technology within the Department of Commerce to administer the program.

The Department of Commerce has assumed that to comply with the provisions of the bill, the department would need a one-time \$5 million appropriation out of the General Revenue Fund.

The cost of administering the loan fund is based on the \$5 million appropriation. The loan fund may not be used for administrative purposes.

The probable cost of implementing the provisions of the bill during each of the first five years following passage is estimated as follows:

<u>Fiscal Year</u>	<u>Probable Cost Out of the General Revenue Fund</u>	<u>Change in Number of State Employees from FY 1989</u>
1990	\$163,380	+ 3
1991	163,380	+ 3
1992	163,380	+ 3
1993	163,380	+ 3
1994	163,380	+ 3

Similar annual fiscal implications would continue as long as the provisions of the bill are in effect.

No fiscal implication to units of local government is anticipated.

Source: Department of Commerce;  
LBB Staff: JO, JWH, AL, PVT, BL



F

## ENROLLED

H.B. No. 362

### AN ACT

relating to the commercialization of new and improved products;  
creating the product commercialization fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 481, Government Code, as added by S.B.  
No. 223, Acts of the 71st Legislature, Regular Session, 1989, is  
amended by adding Subchapter U to read as follows:

#### SUBCHAPTER U. PRODUCT COMMERCIALIZATION

Sec. 481.291. DEFINITIONS. In this subchapter:

(1) "Advisory board" means the Product  
Commercialization Advisory Board.

(2) "Fund" means the product commercialization fund.

(3) "Office" means the Office of Advanced Technology.

Sec. 481.292. ADMINISTRATION. The Office of Advanced  
Technology shall implement this subchapter as directed by the  
board.

Sec. 481.293. FUND. (a) The product commercialization fund  
is a fund in the state treasury. The fund consists of  
appropriations, transfers, loan payments, and interest received on  
loans made under this subchapter, gifts, donations, fees, grants,  
and any other money received under this subchapter. The department  
may accept funds from any source to carry out the purposes of this  
subchapter.

(b) Money in the fund may be used for making loans under

1 this subchapter and for administrative expenses relating to the  
2 fund.

3 Sec. 481.294. LOANS. (a) The department may make loans to  
4 finance the commercialization of new or improved products or  
5 processes for which financing is not reasonably available from  
6 private sources.

7 (b) On recommendation of the advisory board, the department  
8 shall adopt rules establishing limits on the amount of each loan  
9 and otherwise governing the terms and conditions of the loans,  
10 specifically including requirements for appropriate security or  
11 collateral and the rights and remedies of the department in the  
12 event of a default on an obligation under the loan. Such rules  
13 shall include a requirement that borrowers shall report to the  
14 department and the advisory board on the use of money distributed  
15 through this fund.

16 (c) An application for a loan must be in the form prescribed  
17 by the department based on the recommendations of the advisory  
18 board.

19 (d) In connection with any loan made subject to this  
20 subchapter, the department may enter into an agreement with the  
21 applicant under which the department obtains royalties, patent  
22 rights, equitable interests, or a combination of these royalties,  
23 rights, and interests, from or in the product or proceeds of the  
24 product for which a loan is requested. Such agreements must  
25 include provisions to ensure proper use of funds and the receipt of  
26 royalties, patent rights, or equity interest, as appropriate.

27 Sec. 481.295. ELIGIBLE PROJECTS AND BORROWERS. (a) A loan

1 may be made under this subchapter only to finance a project  
2 approved by the advisory board and the department.

3 (b) In determining eligible projects, the advisory board and  
4 the department shall give special preference to projects that have  
5 the greatest likelihood of commercial success, specifically  
6 including but not limited to projects in the areas of agriculture,  
7 biotechnology, biomedicine, energy, materials science,  
8 microelectronics, aerospace, marine science, aquaculture,  
9 telecommunications, manufacturing science, and other priority  
10 research areas as provided in Section 143.003, Education Code. The  
11 department and the advisory board further shall give consideration  
12 to grantees under the small business innovation research program  
13 established under 15 U.S.C. Section 638 as well as to Texas  
14 companies formed to commercialize research funded at least in part  
15 with state funds.

16 Sec. 481.296. INFORMATION CONFIDENTIAL. Information  
17 relating to a product or process and the application or use of a  
18 product or process, and technological and scientific information,  
19 including computer programs, developed in whole or part by an  
20 applicant for or recipient of a loan, is confidential and is not  
21 subject to disclosure under state law or otherwise, regardless of  
22 whether the product is patentable or capable of being registered  
23 under copyright or trademark laws, or has a potential for being  
24 sold, traded, or licensed for a fee. However, nothing in this  
25 subchapter shall prevent or restrict the Office of Advanced  
26 Technology or the advisory board from obtaining information  
27 relating to a product or process from an applicant or recipient of

1 a loan under this subchapter.

2 Sec. 481.297. ADVISORY BOARD. (a) The Product  
3 Commercialization Advisory Board is composed of:

4 (1) one representative of the Texas Higher Education  
5 Coordinating Board selected by the Texas Higher Education  
6 Coordinating Board; and

7 (2) six persons appointed by the governor with the  
8 advice and consent of the senate.

9 (b) In appointing members of the advisory board, the  
10 governor may appoint persons having significant business leadership  
11 experience with emerging technologies, particularly experience with  
12 the transfer of research results into commercial application.

13 (c) Members of the advisory board serve two-year staggered  
14 terms with the terms of four members expiring February 1 of each  
15 odd-numbered year and the terms of three members expiring February  
16 1 of each even-numbered year.

17 (d) The governor shall appoint the advisory board's chairman  
18 from among its members.

19 Sec. 481.298. PROGRAM COORDINATION. The department may  
20 coordinate the administration and funding of the programs  
21 established pursuant to Subchapter Q and this subchapter.

22 SECTION 2. Subchapter Q, Chapter 481, Government Code, as  
23 added by S.B. 223, Acts of the 71st Legislature, Regular Session,  
24 1989, is amended by adding Section 481.226 as follows:

25 Sec. 481.226. BONDS. (a) The board may issue up to \$25  
26 million of general obligation bonds and may use the proceeds of the  
27 bonds to provide venture financing under this subchapter. The

1 board shall deposit the proceeds of the bonds in the Texas product  
2 development fund and apply them in accordance with the resolution  
3 authorizing the bonds. The fund and any accounts established in  
4 the fund shall be held in trust by the state treasurer for and on  
5 behalf of the department and the owners of the general obligation  
6 bonds issued in accordance with this section, and may be used only  
7 as provided by this section. Pending use, the treasurer may inves.  
8 and reinvest money in the fund in investments authorized by law for  
9 state funds that the treasurer, consistent with the board's  
10 resolutions authorizing the bonds, considers appropriate.  
11 Repayments of financial assistance provided under this subchapter,  
12 together with earnings received on investments of the product  
13 development funds, shall be deposited first, in the interest and  
14 sinking account as prescribed by the board's resolutions  
15 authorizing bonds under this subchapter and second, in any reserve  
16 account established by the board until that account is fully funded  
17 as prescribed by the board's resolutions. If, during the time any  
18 general obligation bonds are payable from the interest and sinking  
19 account, the board determines that there will not be sufficient  
20 money in the interest and sinking account during the following  
21 fiscal year to pay the principal of or interest on the general  
22 obligation bonds or both the principal and interest that are to  
23 come due during the following fiscal year, the comptroller of  
24 public accounts shall transfer to the fund the first money coming  
25 into the state treasury not otherwise appropriated by the  
26 constitution in an amount sufficient to pay the obligations.

27 (b) The bonds may be issued from time to time in one or more

1 series or issues, in bearer, registered, or any other form, which  
2 may include registered uncertificated obligations not represented  
3 by written instruments and commonly known as book-entry  
4 obligations, the registration of ownership and transfer of which  
5 shall be provided for by the board under a system of books and  
6 records maintained by the department or by an agent appointed by  
7 the board in a resolution providing for issuance of its bonds.  
8 Bonds may mature serially or otherwise not more than 40 years from  
9 their date. Bonds may bear no interest or may bear interest at any  
10 rate or rates, fixed, variable, floating, or otherwise, determined  
11 by the board or determined pursuant to any contractual arrangements  
12 approved by the board, not to exceed the maximum net effective  
13 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
14 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
15 Statutes). Interest on the bonds may be payable at any time and  
16 the rate of interest on the bonds may be adjusted at any time  
17 determined by the board pursuant to the resolutions authorizing the  
18 bonds or determined pursuant to any contractual arrangement  
19 approved by the board. In connection with the issuance of its  
20 bonds, the board may exercise the powers granted to the governing  
21 body of an issuer in connection with the issuance of obligations  
22 under Chapter 656, Acts of the 68th Legislature, Regular Session,  
23 1983 (Article 717g, Vernon's Texas Civil Statutes), to the extent  
24 not inconsistent with this section. The bonds may be issued in the  
25 form and denominations and executed in the manner and under the  
26 terms, conditions, and details determined by the board in the  
27 resolution authorizing their issuance. If any officer whose manual

1 or facsimile signature appears on the bonds ceases to be an  
2 officer, the signature remains valid and sufficient for all  
3 purposes as if the officer had remained in office.

4 (c) All bonds issued by the board under this section are  
5 subject to review and approval by the attorney general in the same  
6 manner and with the same effect as is provided by Chapter 656, Acts  
7 of the 68th Legislature, Regular Session, 1983 (Article 717g,  
8 Vernon's Texas Civil Statutes).

9 (d) The bonds are a legal and authorized investment for a  
10 bank, trust company, savings and loan association, insurance  
11 company, fiduciary, trustee, or guardian or a sinking fund of a  
12 municipality, county, school district, or political subdivision of  
13 the state. The bonds may secure deposits of public funds of the  
14 state, a municipality, a county, a school district, or another  
15 political corporation or subdivision of the state. The board may  
16 issue bonds to refund all or part of its outstanding bonds,  
17 including accrued but unpaid interest. The bonds, a transaction  
18 relating to the bonds, or a profit made in the sale of the bonds is  
19 exempt from taxation by the state, an agency or subdivision of the  
20 state, a municipality, or a special district.

21 (e) This section is contingent on the adoption of the  
22 constitutional amendment proposed by H.J.R. 51, Acts of the 71st  
23 Legislature, Regular Session, 1989. If that proposed  
24 constitutional amendment is not approved by the voters, this  
25 section has no effect.

26 SECTION 3. Subchapter R, Chapter 481, Government Code, as  
27 added by S.B. 223, Acts of the 71st Legislature, Regular Session,

1 1989, is amended by adding Section 481.244, to read as follows:

2       Sec. 481.244. BONDS. (a) The board may issue up to \$20  
3 million of general obligation bonds and may use the proceeds, less  
4 the costs of issuance of the bonds, to carry out the small business  
5 incubator program in accordance with the resolution authorizing the  
6 bonds. The board shall deposit the proceeds of the bonds in the  
7 small business incubator fund and apply them in accordance with the  
8 resolution authorizing the bonds. The fund and any accounts  
9 established in the fund shall be held in trust by the state  
10 treasurer for and on behalf of the department and the owners of the  
11 general obligation bonds issued in accordance with this section,  
12 and may be used only as provided by this subchapter. Pending use,  
13 the treasurer may invest and reinvest money in the fund in  
14 investments authorized by law for state funds that the treasurer,  
15 consistent with the board's resolutions authorizing the bonds,  
16 considers appropriate. Repayments of financial assistance provided  
17 under this subchapter, together with earnings received on  
18 investments of the fund, shall be deposited first, in the interest  
19 and sinking account as prescribed by the board's resolutions  
20 authorizing bonds under this article and second, in any reserve  
21 account established by the board until that account is fully funded  
22 as prescribed by the board's resolutions. If, during the time any  
23 general obligation bonds are payable from the interest and sinking  
24 account, the board determines that there will not be sufficient  
25 money in the interest and sinking account during the following  
26 fiscal year to pay the principal of or interest on the general  
27 obligation bonds or both the principal and interest that are to



1 come due during the following fiscal year, the comptroller of  
2 public accounts shall transfer to the fund the first money coming  
3 into the state treasury not otherwise appropriated by the  
4 constitution in an amount sufficient to pay the obligations.

5 (b) The bonds may be issued from time to time in one or more  
6 series or issues, in bearer, registered, or any other form, which  
7 may include registered uncertificated obligations not represented  
8 by written instruments and commonly known as book-entry  
9 obligations, the registration of ownership and transfer of which  
10 shall be provided for by the board under a system of books and  
11 records maintained by the department or by an agent appointed by  
12 the board in a resolution providing for issuance of its bonds.  
13 Bonds may mature serially or otherwise not more than 40 years from  
14 their date. Bonds may bear no interest or may bear interest at any  
15 rate or rates, fixed, variable, floating, or otherwise, determined  
16 by the board or determined pursuant to any contractual arrangements  
17 approved by the board, not to exceed the maximum net effective  
18 interest rate allowed by Chapter 3, Acts of the 61st Legislature,  
19 Regular Session, 1969 (Article 717k-2, Vernon's Texas Civil  
20 Statutes). Interest on the bonds may be payable at any time and  
21 the rate of interest on the bonds may be adjusted at any time  
22 determined by the board pursuant to the resolutions authorizing the  
23 bonds or determined pursuant to any contractual arrangement  
24 approved by the board. In connection with the issuance of its  
25 bonds, the board may exercise the powers granted to the governing  
26 body of an issuer in connection with the issuance of obligations  
27 under Chapter 656, Acts of the 68th Legislature, Regular Session,

1 1983 (Article 717q, Vernon's Texas Civil Statutes), to the extent  
 2 not inconsistent with this section. The bonds may be issued in the  
 3 form and denominations and executed in the manner and under the  
 4 terms, conditions, and details determined by the board in the  
 5 resolution authorizing their issuance. If any officer whose manual  
 6 or facsimile signature appears on the bonds ceases to be an  
 7 officer, the signature remains valid and sufficient for all  
 8 purposes as if the officer had remained in office.

9 (c) All bonds issued by the board under this section are  
 10 subject to review and approval by the attorney general in the same  
 11 manner and with the same effect as is provided by Chapter 656, Acts  
 12 of the 68th Legislature, Regular Session, 1983 (Article 717q,  
 13 Vernon's Texas Civil Statutes).

14 (d) The bonds are a legal and authorized investment for a  
 15 bank, trust company, savings and loan association, insurance  
 16 company, fiduciary, trustee, or guardian or a sinking fund of a  
 17 municipality, county, school district, or political subdivision of  
 18 the state. The bonds may secure deposits of public funds of the  
 19 state, a municipality, a county, a school district, or another  
 20 political corporation or subdivision of the state. The department  
 21 may issue bonds to refund all or part of its outstanding bonds,  
 22 including accrued but unpaid interest. The bonds, a transaction  
 23 relating to the bonds, or a profit made in the sale of the bonds is  
 24 exempt from taxation by the state, an agency or subdivision of the  
 25 state, a municipality, or a special district.

26 (e) This section is contingent on the adoption of the  
 27 constitutional amendment proposed by H.J.R. 51, Acts of the 71st

1 Legislature, Regular Session, 1989. If that proposed  
2 constitutional amendment is not approved by the voters, this  
3 section has no effect.

4       SECTION 4. At its initial meeting the members of the Product  
5 Commercialization Advisory Board shall draw lots to determine which  
6 members serve terms expiring February 1, 1991, and which serve  
7 terms expiring February 1, 1992.

8       SECTION 5. This Act takes effect September 1, 1989.

9       SECTION 6. The importance of this legislation and the  
10 crowded condition of the calendars in both houses create an  
11 emergency and an imperative public necessity that the  
12 constitutional rule requiring bills to be read on three several  
13 days in each house be suspended, and this rule is hereby suspended.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 362 was passed by the House on May 1, 1989, as follows: pursuant to Rule 5, Section 43(b), of the House Rules, the revenue dedication provisions of H.B. No. 362 were passed by the following vote: Yeas 135, Nays 6; and the remainder of H.B. No. 362 was passed by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 362 on May 24, 1989, as follows: pursuant to Rule 5, Section 43(b), of the House Rules, the House concurred in the revenue dedication provisions of H.B. No. 362 by the following vote: Yeas 141, Nays 2, 1 present, not voting; and the House concurred in the remainder of Senate amendments to H.B. No. 362 by a non-record vote.

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Chief Clerk of the House

H.B. No. 362

I certify that H.B. No. 362 was passed by the Senate, with amendments, on May 20, 1989, by a viva-voce vote.

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Secretary of the Senate

APPROVED:

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Date

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Governor

H. B. No.

362

By

Williamson

## A BILL TO BE ENTITLED

## AN ACT

relating to the commercialization of new and improved products;  
creating the product development commercialization fund.

JAN 11 1989

1. Filed with the Chief Clerk.

FEB 2 1989

2. Read first time and Referred to Committee on

Business & Commerce

MAR 20 1989

3. Reported \_\_\_ favorably ~~(as amended)~~ (as substituted) and sent to Printer at2:35 pm

MAR 29 1989

MAR 30 1989

4. Printed and distributed at

4:28 pm

APR 4 1989

5. Sent to Committee on Calendars at

8:21 am

APR 27 1989

6. Read second time ~~(amended)~~; passed to third reading ~~(failed)~~ by (Non-Record Vote)  
(Record Vote of \_\_\_ yeas, \_\_\_ nays, \_\_\_ present, not voting).

7. Motion to reconsider and table the vote by which H.B. \_\_\_ was ordered  
engrossed prevailed (failed) by a (Non-Record Vote) (Record Vote of \_\_\_ yeas,  
\_\_\_ nays, and \_\_\_ present, not voting).

8. Constitutional Rule requiring bills to be read on three several days suspended (failed  
to suspend) by a four-fifths vote of \_\_\_ yeas, \_\_\_ nays, and \_\_\_  
present, not voting.

MAY 1 1989

Pursuant To Rule 5 Section 4(b)  
of House Rules, first vote on revenue dedication  
9. Read third time ~~(amended)~~; finally passed ~~(failed)~~ by ~~(Non-Record Vote)~~ (Record Vote  
of 135 yeas, 6 nays, 0 present, not voting).

MAY 1 1989

Second vote on remainder of bill non record  
vote.

10. Caption ordered amended to conform to body of bill.

11. Motion to reconsider and table the vote by which H. B. \_\_\_ was finally passed  
prevailed (failed) by a (Non-Record Vote) (Record Vote of \_\_\_ yeas, \_\_\_  
nays, and \_\_\_ present, not voting).

MAY 1 1989

12. Ordered Engrossed at 5:58 p.

MAY 01 1989

13. Engrossed.

MAY 01 1989

14. Returned to Chief Clerk at 8:37 pm

MAY 2 1989

15. Sent to Senate.

Betty Murray  
Chief Clerk of the House

MAY 2 1989

16. Received from the House

MAY 3 1989

17. Read, referred to Committee on STATE AFFAIRS

18. Reported favorably

MAY 12 1989

19. Reported adversely, with favorable Committee Substitute; Committee Substitute read  
first time.

20. Ordered not printed.

MAY 20 1989

21. Regular order of business suspended by ~~unanimous consent~~  
(a vote vote) consent  
yeas, \_\_\_ nays.)

19 yeas 3 nays

89 MAY 20 PM 6:20 89 MAY -1 PM 8:37

HOUSE OF REPRESENTATIVES

22. To permit consideration, reading and passage, Senate and Constitutional Rules suspended by vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays.

MAY 20 1989

23. Read second time \_\_\_\_\_ passed to third reading by:  
(a viva voce vote.)  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays.)

MAY 20 1989

24. Caption ordered amended to conform to body of bill.

25. Senate and Constitutional 3-Day Rules suspended by vote of 19 yeas,  
4 nays to place bill on third reading and final passage.

MAY 20 1989

26. Read third time and passed by  
(a viva voce vote.)  
\_\_\_\_\_ yeas, \_\_\_\_\_ nays.)

OTHER ACTION:

OTHER ACTION:

Betty King  
Secretary of the Senate

May 20, 1989

27. Returned to the House.

MAY 20 1989

28. Received from the Senate <sup>(with amendments)</sup> Pursuant to Rule 5 sec 4(b) of House Rules,  
(as substituted.) the first vote is on revenue deduction.

MAY 24 1989

29. House (Concurred) ~~(Refused to Concur)~~ in Senate <sup>(Amendments)</sup> by a ~~(Non-Record)~~  
(Substitute) 141 yeas, 2 nays, 1 present,  
not voting).

MAY 24 1989

Second vote on remainder of bill is non record.

30. Conference Committee Ordered.

MAY 24 1989

31. Conference Committee Report Adopted (Rejected) by a (Non-Record Vote) (Record  
Vote of \_\_\_\_\_ yeas, \_\_\_\_\_ nays, and \_\_\_\_\_ present, not voting).

32. Ordered Enrolled at 11:24 am

89 APR 20 PM 4:43

89 MAR 30 PM 4:28

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